



SilverBow Resources EnerCom Presentation



August 2021



Forward-Looking Statements



THE MATERIAL INCLUDED herein which is not historical fact constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These opinions, forecasts, scenarios and projections relate to, among other things, estimates of future commodity prices and operating and capital costs, capital expenditures, levels and costs of drilling activity, estimated production rates or forecasts of growth thereof, hydrocarbon reserve quantities and values, potential oil and gas reserves expressed as “EURs,” assumptions as to future hydrocarbon prices, liquidity, cash flows, operating results, availability of capital, internal rates of return, net asset values, drilling schedules and potential growth rates of reserves and production, all of which are forward-looking statements. These forward-looking statements are generally accompanied by words such as “could,” “believe,” “anticipate,” “intend,” “estimate,” “budgeted,” “guidance,” “forecast,” “expect,” “may,” “continue,” “predict,” “potential,” “plan,” “project” and similar expressions although not all forward-looking statements contain such identifying words. Although the Company believes that such forward-looking statements are reasonable, the matters addressed represent management’s expectations or beliefs concerning future events, and it is possible that the results described in this presentation will not be achieved. These forward-looking statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from the results discussed in the forward-looking statements, including among other things: the severity and duration of world health events, including the COVID-19 pandemic, related economic repercussions including disruptions in the oil and gas industry; the supply of oil and actions by the members of the Organization of the Petroleum Exporting Countries (“OPEC”) and Russia (together with OPEC and other allied producing countries, “OPEC+”) with respect to oil production levels and announcements of potential changes in such levels; operational challenges relating to the COVID-19 pandemic and efforts to mitigate the spread of the virus, including logistical challenges, protecting the health and well-being of our employees, remote work arrangements, performance of contracts and supply chain disruptions; shut-in and curtailment of production due to decreases in available storage capacity or other factors; volatility in natural gas, oil and NGL prices; liquidity including our ability to satisfy our short- or long-term liquidity needs; our ability to execute our business strategy, including the success of our drilling and development efforts; timing, cost and amount of future production of oil and natural gas; expectations regarding future free cash flow; and other factors discussed in the Company’s reports filed with the Securities and Exchange Commission (“SEC”), including its Annual Report on Form 10-K for the year ended December 31, 2020 and Quarterly Reports on Form-Q and Current Reports on Form 8-K filed thereafter.

All forward-looking statements speak only as of the date of this presentation. You should not place undue reliance on these forward-looking statements

CAUTIONARY NOTE Regarding Potential Reserves Disclosures – Current SEC rules regarding oil and gas reserve information allow oil and gas companies to disclose proved reserves, and optionally probable and possible reserves that meet the SEC’s definitions of such terms. In this presentation, we refer to estimates of resource “potential” or “EUR” (estimated ultimate recovery quantities) or “IP” (initial production rates) or other descriptions of volumes potentially recoverable, which in addition to reserves generally classifiable as probable and possible include estimates of reserves that do not rise to the standards for possible reserves, and which SEC guidelines strictly prohibit us from including in filings with the SEC. U.S. Investors are urged to consider closely the oil and gas disclosures in our Form 10-K and other reports and filings with the SEC.

These estimates are by their nature more speculative than estimates of proved reserves and are subject to greater uncertainties, and accordingly the likelihood of recovering those reserves is subject to substantially greater risk.

THIS PRESENTATION has been prepared by the Company and includes market data and other statistical information from sources believed by it to be reliable, including independent industry publications, government publications or other published independent sources. Some data is also based on the Company’s good faith estimates, which is derived from its review of internal sources as well as the independent sources described above. Although the Company believes these sources are reliable, it has not independently verified the information and cannot guarantee its accuracy and completeness.

THIS PRESENTATION includes information regarding our current drilling and completion costs and historical cost reductions. Future costs may be adversely impacted by increases in oil and gas prices which results in increased activity.

THIS PRESENTATION references non-GAAP financial measures. Please see the Appendix to this presentation for definitions and reconciliations to the most directly comparable GAAP measure. Non-GAAP measures should not be considered in isolation or as a substitute for related GAAP measures or any other measure of a Company’s financial or operating performance presented in accordance with GAAP.

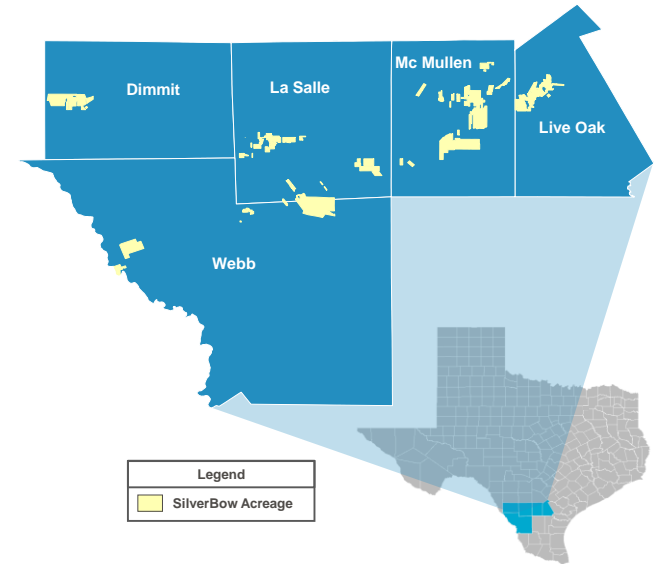
THIS PRESENTATION includes information regarding our PV-10 as of 12/31/20. PV-10 represents the present value, discounted at 10% per year, of estimated future net cash flows. The Company’s calculation of PV-10 using SEC prices herein differs from the standardized measure of discounted future net cash flows determined in accordance with the rules and regulations of the SEC in that it is calculated before income taxes rather than after income taxes using the average price during the 12-month period, determined as an unweighted average of the first-day-of-the-month price for each month. The Company’s calculation of PV-10 using SEC prices should not be considered as an alternative to the standardized measure of discounted future net cash flows determined in accordance with the rules and regulations of the SEC. Please see the Appendix to this presentation for a reconciliation of PV-10 to Standardized Measure.

Company Overview



Strategic Aim Targeted Results

SilverBow is an independent oil and gas company with operations across ~130,000 net acres spanning all commodity phase windows of the Eagle Ford Shale in South Texas



Investment Highlights

- Pure Play Eagle Ford E&P**
»
 Established operator with deep technical experience and in-basin knowledge
- Balanced Commodity Mix**
»
 Inventory provides optionality in capital allocation based on prevailing commodity prices
- Exposure to Premium Markets**
»
 Competitive advantage from exposure to favorable Gulf Coast pricing
- Focus on Costs & Margins**
»
 Peer-leading cost structure with relentless focus on margins and capital efficiency
- Returns Driven**
»
 Maximize return on capital investments through repeat execution and financial discipline

Continued emphasis on debt paydown and free cash flow generation

2Q21: Strong Operations Driving Performance

2Q21 HIGHLIGHTS



Balance Sheet



Reduced total debt by \$72MM YoY, with 2Q21 leverage ratio⁽¹⁾ of 1.93x vs 2.50x at YE20



Free Cash Flow⁽²⁾



2Q21 FCF of \$7MM; Increased FY21 guidance by 25% to range of \$45-\$55MM



Low Cost Structure



*LOE, T&P and cash G&A below guidance ranges
Total cash operating expenses below \$1.00/Mcfe⁽³⁾*



Capital Efficiency



*Reduced D&C cost per lateral ft. by 5% YTD vs. 2020
Completed 17% more stages per day YTD vs. 2020*



Operations & Safety



*Drilled four-well pad in 25 days, or ~6 days per well
Maintained streak of zero total recordable incidents*

2Q21 Leverage Ratio below 2.0x; FY21 FCF expected to be \$45-\$55 million

(1) Refer to Appendix for calculation of Adjusted EBITDA for Leverage Ratio

(2) Refer to Appendix for calculation of Free Cash Flow. Percentage increase based on midpoint of FY21 guidance

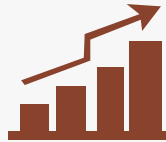
(3) Total cash operating expenses include LOE, T&P, production taxes and cash G&A

2021: Key Objectives & Looking Ahead

Key Objectives



Grow
production and
EBITDA while living
within cash flow



Expand
high-return inventory
through Austin Chalk
development and A&D



Drive
peer-leading
capital efficiency
and cost structure



De-lever
balance sheet through
debt reduction and
cash flow

3Q21 Preview



OPERATIONS

Completing 11
wells
Additional Austin
Chalk wells
planned



CAPEX

Majority of
remaining full
year D&C
spend incurred
in 3Q21



OPTIONALITY

4 Webb County gas
wells DUC to 2022
Participating in 3
gross non-op gas
wells



OPERATIONS

12% production
growth
Increase
operational
efficiency



CAPEX

Flexible spending
across balanced
commodity mix
~70% re-investment
rate⁽¹⁾



FCF

\$45-\$55MM full
year FCF⁽²⁾
Year-end leverage
ratio below 1.75x

FY21 Outlook

Accelerated liquids-rich development further improves FCF and leverage estimates

(1) Re-investment rate defined as Capex / (Adjusted EBITDA less cash interest expense)

(2) Refer to Appendix for calculation of Free Cash Flow

2021: Operational & Financial Summary

Operations

Eagle Ford Drilling Program



Focus on capital efficiencies delivers on long-term strategy

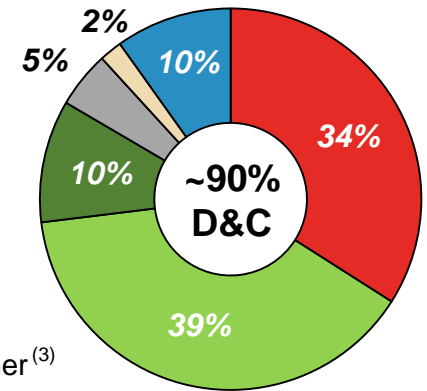
- ~90% of capital program allocated to D&C
 - Drill: 18 net wells⁽¹⁾
 - Complete: 20 net wells⁽¹⁾
- Re-investment rate⁽²⁾ of ~70% of cash flow
- Continue improving cycle times for both D&C
- Ability to adjust cadence of operations real time

Capital Budget

2021 Capital Budget of \$115-\$130 MM

Plan retains flexibility to reallocate capital based on prevailing commodity prices

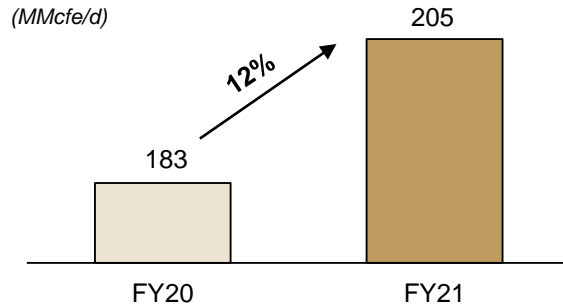
- Webb County Gas
- La Salle Condensate
- McMullen Oil
- Non-Op Webb County Gas
- Land
- Facilities, Optimization & Other⁽³⁾



Statistics

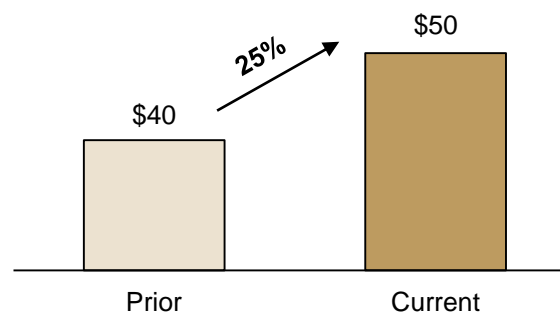
FY21 Production: 200-210 MMcfe/d

Modest YoY production growth



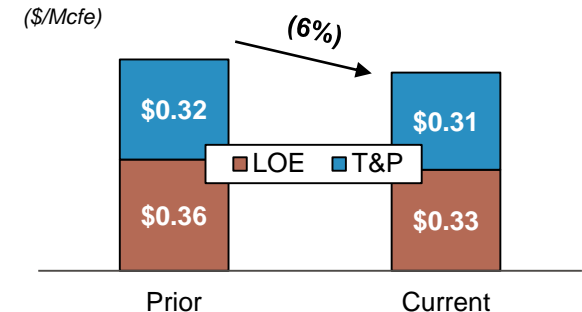
FY21 FCF: \$45-\$55 MM

25% increase from prior guidance



Lowering FY21 Per Unit Guidance

Cost savings and efficiencies



Flexible capital allocation provides for real-time optimization

Note: Metrics shown based on midpoint of full year guidance

(1) Includes three gross (one net) non-operated well(s) SilverBow has elected to participate in

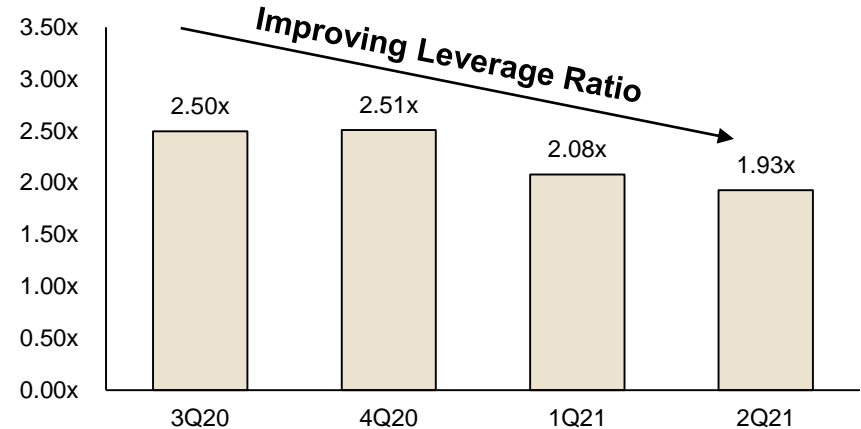
(2) Re-investment rate defined as Capex / (Free Cash Flow plus Capex) for given period

(3) Facilities, Optimization & Other capital includes ~\$4 million in capitalized G&A

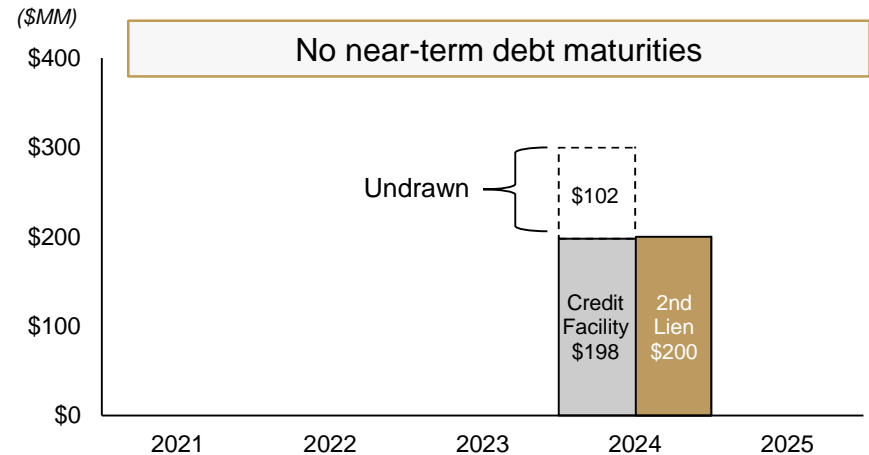
Financial Discipline is Integral to Strategy

- **Maintain strong balance sheet**
 - Active hedging program to protect returns and minimize downside exposure
 - Working capital management
 - No near-term debt maturities
- **Relentless focus on driving down costs**
 - Monetize non-core assets to further streamline operations
 - Minimize borrowing costs and financial leakage
- **Disciplined capital allocation**
 - Align capital structure with business model
 - Acute focus on full-cycle returns
 - Strategic business planning across wide range of pricing and operational scenarios
- **Conservative leverage ratio**
 - Total Debt / LTM Adjusted EBITDA⁽¹⁾: 1.93x

De-Levering the Balance Sheet⁽¹⁾



Debt Maturity Schedule⁽²⁾



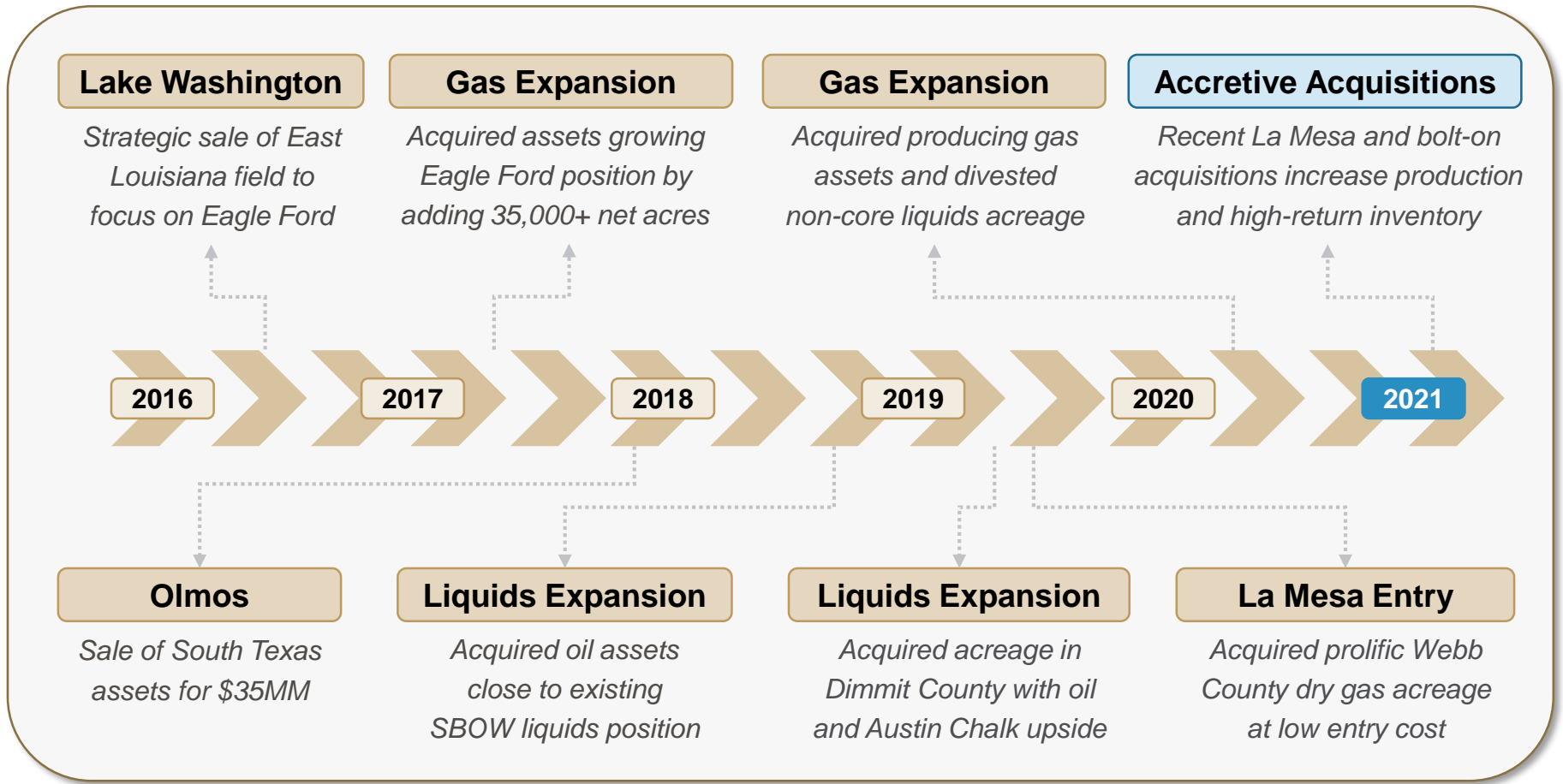
Expect to continue to reduce revolver borrowings and leverage ratio

(1) LTM Adjusted EBITDA for period ending 2Q21 includes \$25.8 million of proceeds from the amortization of previously unwound derivatives in 1Q20. LTM Adjusted EBITDA for covenant compliance for 2Q21 = \$206.3 million

(2) Credit facility borrowings as of 6/30/21

Consistent Track Record of Accretive A&D

Since inception, SBOW has been successful in executing on both strategic A&D and organic growth within the Eagle Ford



Creating balanced portfolio of inventory while living within cash flow

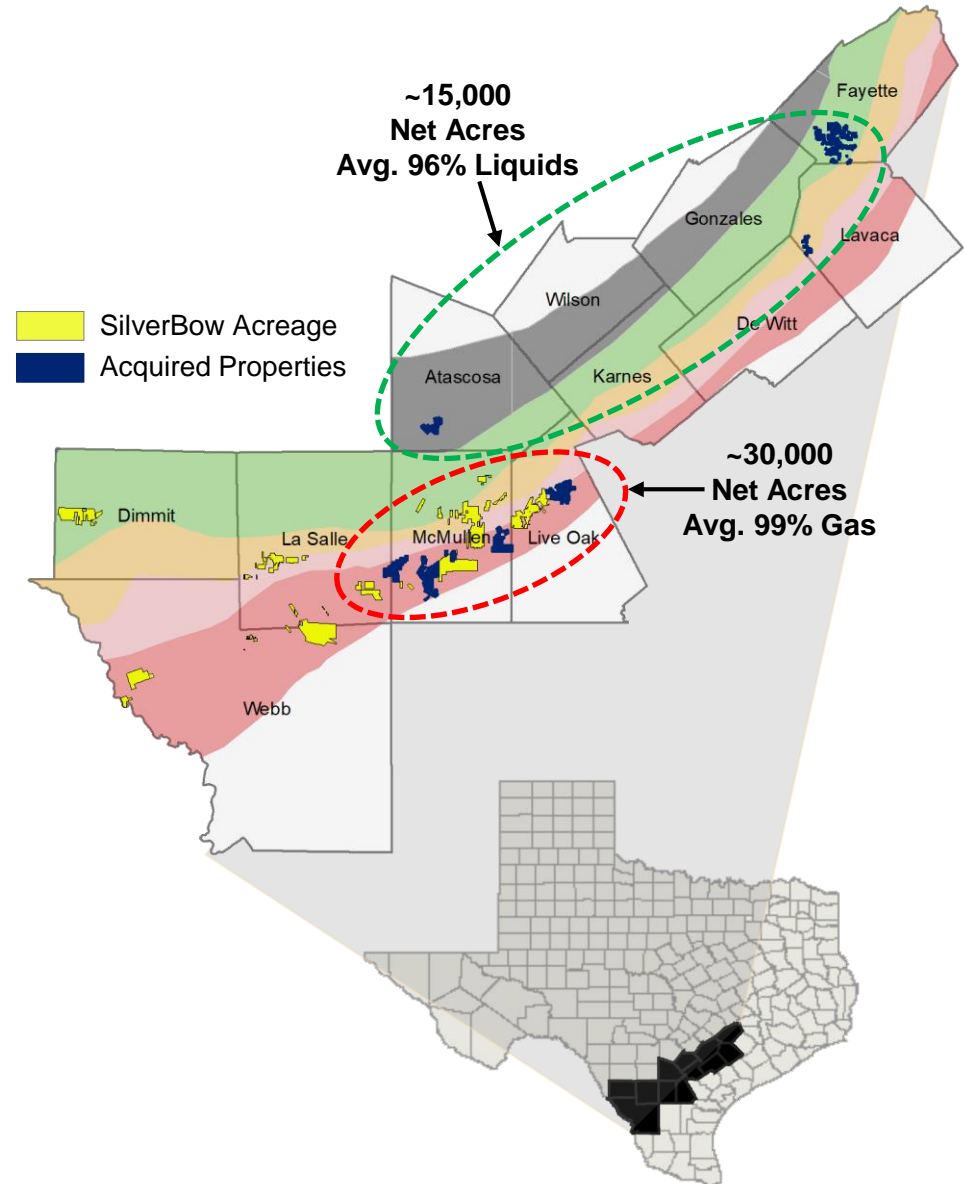
Accretive Acquisition: Eagle Ford Assets

Transaction Overview

- Subsequent to 2Q21, SilverBow acquired:
 - Oil and gas assets in the Eagle Ford from an undisclosed seller
 - ~45,000 total net acres and 100% working interest
 - ~15,000 net oil-weighted acres spanning Atascosa, Fayette and Lavaca counties
 - ~30,000 net gas-weighted acres directly offsetting existing position in McMullen and Live Oak counties
- Total Consideration: \$33 million, all common stock
- Expected Closing: October 2021

Acquisition Highlights

Key Asset Statistic	
Net Acres	~45,000
April 2021 Net Production (Boe/d)	~1,580 (39% liquids)
Horizontal PDP wells (WI / NRI)	21 (100% / 75%)
2021E EBITDA (\$MM) ⁽¹⁾	~\$16



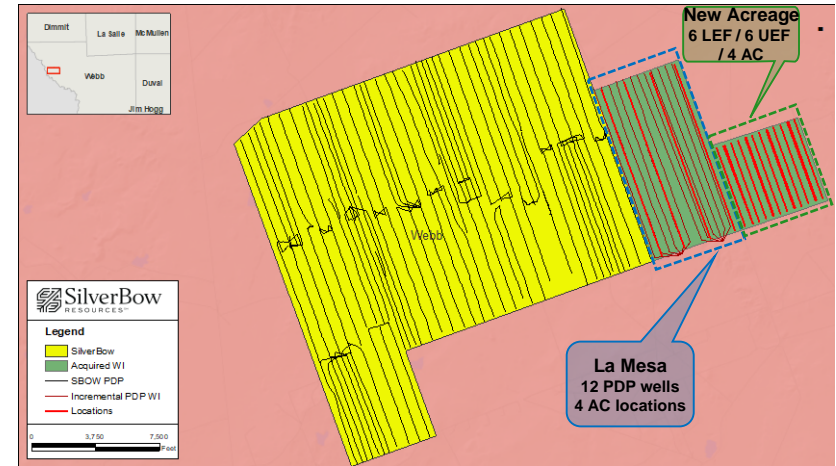
(1) At 7/15/21 strip pricing

Accretive Acquisition: La Mesa

Transaction Overview

- Subsequent to 2Q21, SilverBow acquired:
 - Incremental interest in 12 La Mesa PDP wells (12.5% to 20% WI)
 - Incremental interest in future AC wells over current La Mesa lease (12.5% to 20% WI)
 - New acreage lease on 640 acres adjacent to La Mesa
- Total Consideration: \$24 million, combination of cash and stock
- Closing: August 2021

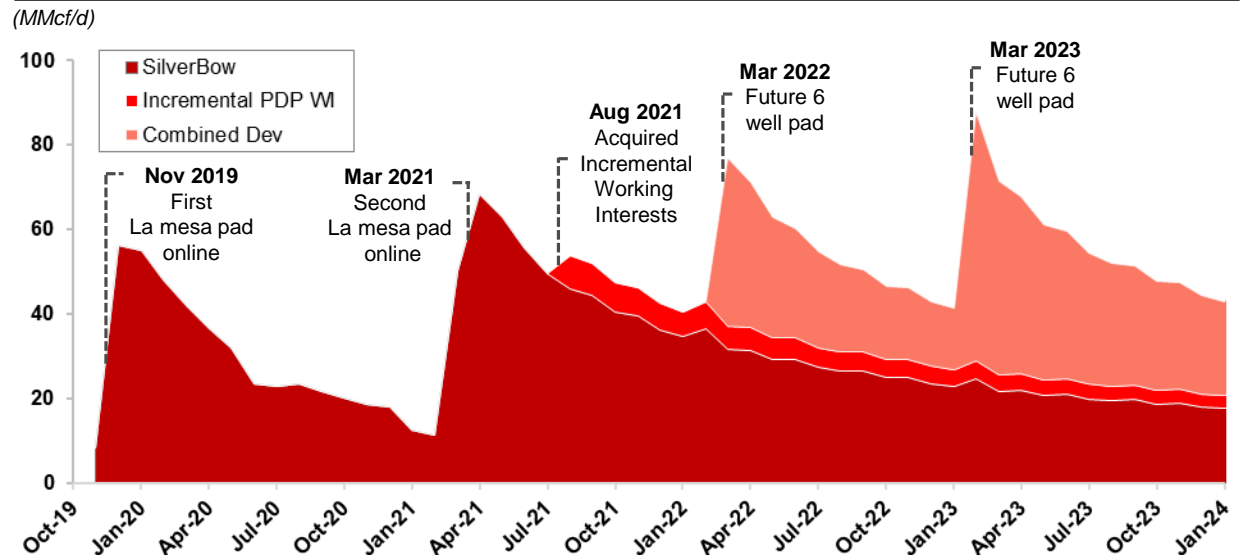
Map



Acquisition Highlights

Key Asset Statistic	
Net Acres	848
June 2021 Net Production (MMcf/d)	~10 (100% gas)
Horizontal PDP wells (WI / NRI)	12 (16% / 12%)
LEF / UEF Locations (WI / NRI)	12 (100% / 75%)
AC Locations (WI / NRI)	8 (58% / 44%)
IRR ⁽¹⁾	80% - 100%
2021E EBITDA (\$MM) ⁽¹⁾	\$9.5

La Mesa Net Gas Production: Past and Present



(1) At 7/15/21 strip pricing

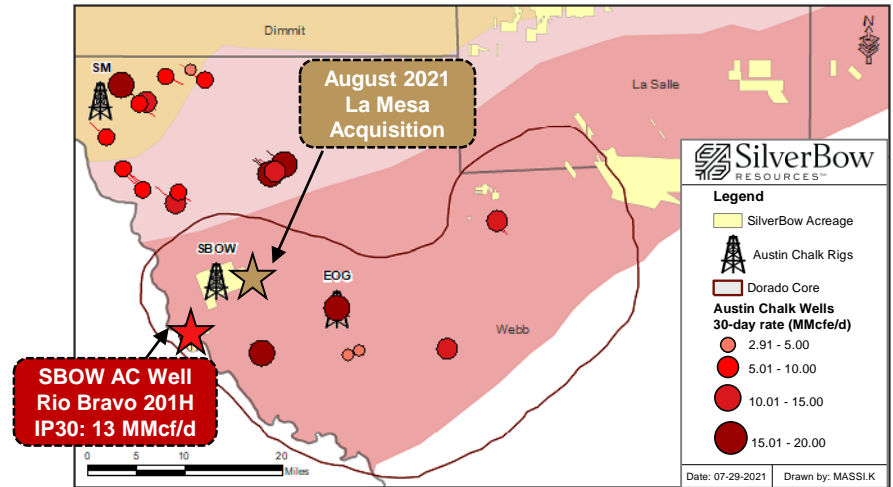
Webb County Austin Chalk

Commentary

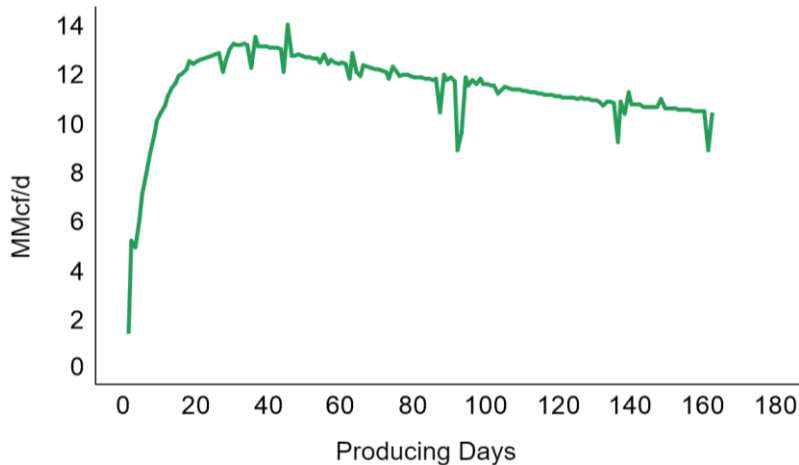
- Successfully completed initial test at Rio Bravo
- Currently working further delineation options
- Single well delivered at \$6.0 million, expect to achieve \$5.5⁽¹⁾ million or better development well cost
- Achieved an IP30 of 13 MMcf/d; 1.85 Bcf in first 165 days with continued shallow decline
- Over 60 potential development locations across acreage position yielding more than 2 rig-years of drilling inventory

Drilling additional Austin Chalk locations this year given attractive economics of initial well

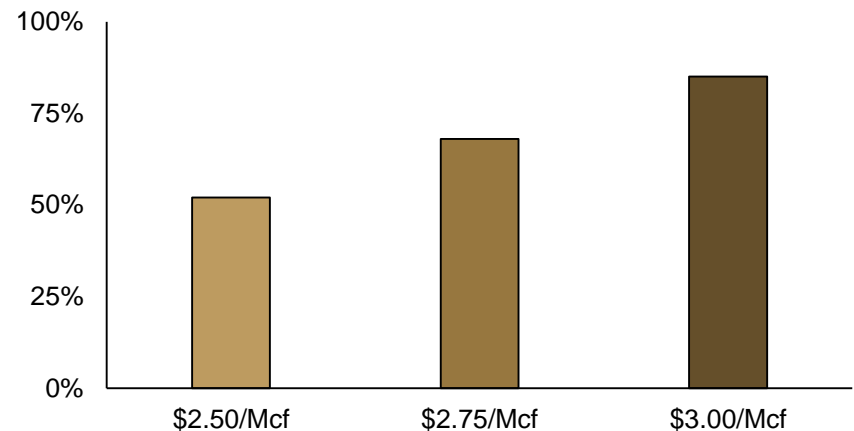
Austin Chalk Activity Map⁽³⁾



Rio Bravo 201H Daily Production⁽¹⁾



Price Sensivity of IRRs at Development Capex⁽²⁾



(1) Production as of 7/28/21, plots have been updated to exclude first 7 days of flowback

(2) Assuming multi-well pad development

(3) Source: RSEG/Enverus, Company data

ESG: At the Core of Our Business



Environmental

SilverBow is committed to reducing environmental impact through sustainable operations

- Focused on reducing GHG and methane emissions
- Owns no disposal wells or waterflood areas
- Utilizes green flowbacks to reduce gas flaring
- Joined American Petroleum Institute's "The Environmental Partnership"

Social

SilverBow is committed to its workforce through cultural "SBOWay" values

- Rewards and recognizes performance through quarterly 'MVP' employee and other excellence awards
- "Leads the Way" through SBOW Cares – feeding the hungry, serving the military and supporting education
- Displays dedication to our employees through benefits, training, and other environment improvements

Governance

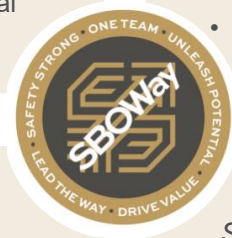
SilverBow aligns executive compensation with the creation of shareholder value

- Independent
 - 6 out of 7 Directors, incl. Chairman
 - Compensation Consultant
- Strong historical shareholder support for Say on Pay
 - ~98% support in 2021
- Annual compliance by all Directors, Officers and employees

Safety

SilverBow maintains a safe and incident free workplace

- "Safety Strong": 1,200+ days since last incident Company-wide
- 3-Yr Avg. TRIR⁽¹⁾ of 0.20; 2020 TRIR of 0.00
- COVID-19 safety protocols focus on keeping employees and contractors safe and aware



SilverBow is dedicated to working with, and caring for, the communities where we work, operate and live as "One Team" through charitable giving and volunteer opportunities. SBOW Cares is the philanthropic arm of our Company through which our employees serve those around us.

Corporate headquarters designed around remote flexibility and work-life balance

(1) Total Recordable Incident Rate (TRIR) is total number of recordable incidents x 200,000 divided by total man hours worked

SilverBow's Value Proposition



Consistently generating cash flow with high margins and a leading cost profile



Appendix

2021 Guidance

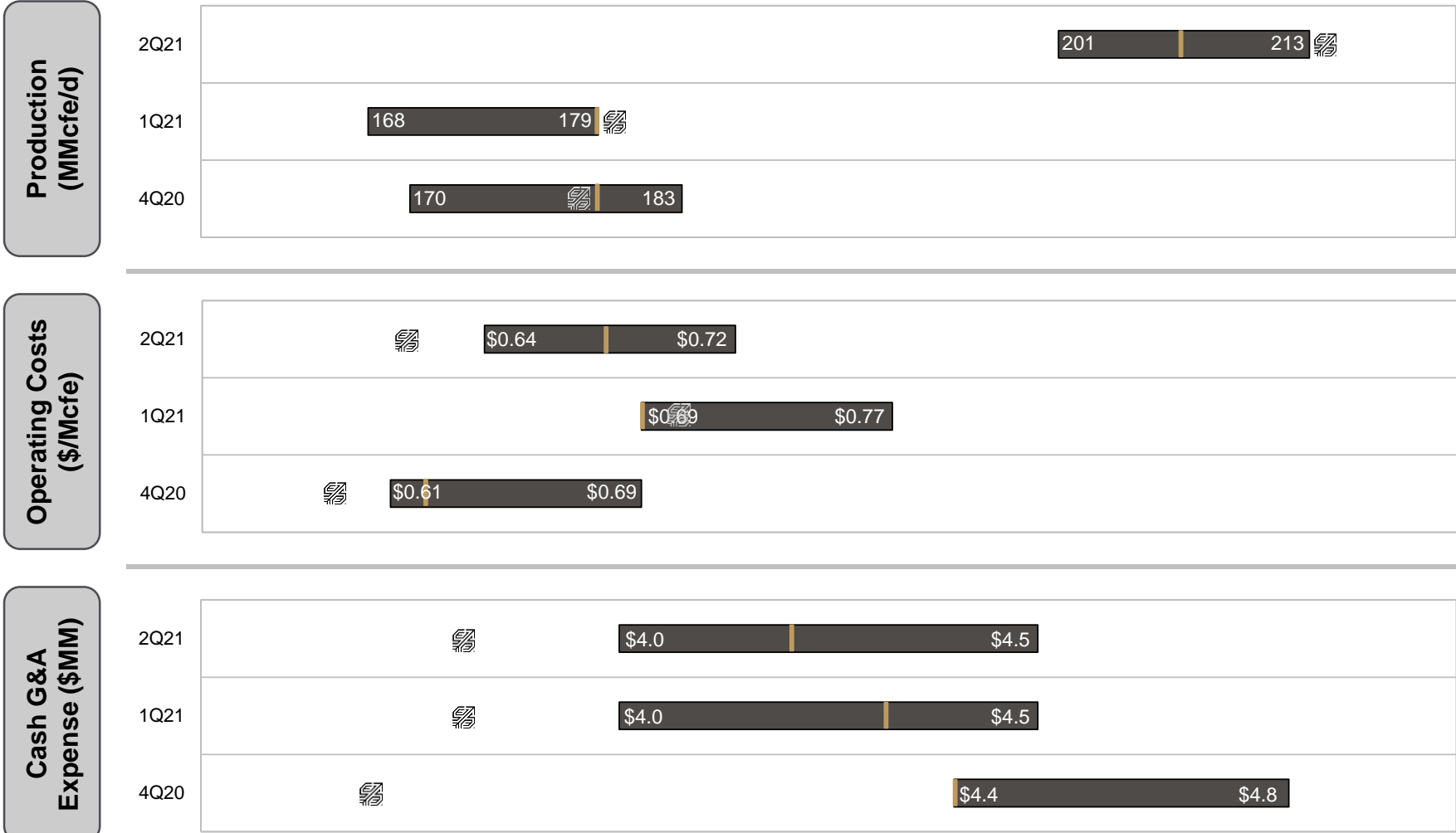
	ACTUAL					GUIDANCE	
	3Q20	4Q20	FY20	1Q21	2Q21	3Q21	FY21
Production Volumes:							
Oil (Bbls/d)	5,127	4,655	4,157	3,497	2,745	3,600 - 3,850	3,650 - 3,900
Gas (MMcf/d)	129	130	139	140	174	156 - 168	155 - 163
NGL (Bbls/d)	<u>3,773</u>	<u>3,248</u>	<u>3,043</u>	<u>3,169</u>	<u>3,645</u>	<u>3,800 - 4,000</u>	<u>3,800 - 4,000</u>
Total Reported Production (MMcfe/d)	183	178	183	180	213	200 - 215	200 - 210
% Gas	71%	73%	76%	78%	82%	78%	78%
Product Pricing:							
Crude Oil NYMEX Differential (\$/Bbl)	(\$3.45)	(\$3.63)	(\$1.42)	(\$2.34)	(\$2.45)	(\$4.00) - (\$1.00)	NA
Natural Gas NYMEX Differential (\$/Mcf)	\$0.00	\$0.01	(\$0.01)	\$2.29	\$0.10	(\$0.01) - \$0.03	NA
Natural Gas Liquids (% of WTI)	31%	37%	33%	39%	33%	37% - 41%	NA
Costs & Expenses:							
Lease Operating Expenses (\$/Mcf)	\$0.31	\$0.33	\$0.32	\$0.39	\$0.29	\$0.30 - \$0.34	\$0.31 - \$0.35
Transportation and Processing (\$/Mcf)	\$0.30	\$0.27	\$0.31	\$0.31	\$0.32	\$0.30 - \$0.34	\$0.29 - \$0.33
Production Taxes (% of Revenue)	5.5%	5.6%	5.9%	4.0%	5.1%	4.5% - 5.1%	4.4% - 4.9%
Cash G&A (\$MM)	\$4.8	\$3.6	\$18.0	\$3.7	\$3.7	\$4.0 - \$4.5	\$16.0 - \$17.0

Increased FY21 free cash flow⁽¹⁾ guidance to \$45-\$55 million

Note: Table represents as-reported figures
(1) Refer to Appendix for calculation of Free Cash Flow

Consistent Results Establish Credibility

= GUIDANCE RANGE
 = CONSENSUS
 = ACTUAL RESULTS



SBOW has repeatedly beat its guidance and consensus metrics

Capital Structure & Credit Profile

- **Revolving Credit Facility (due Apr-24)**
 - \$300 million borrowing base
 - \$198 million outstanding
 - LIBOR (50 bps floor) + 3.25%-4.25%
 - 8 banks led by J.P. Morgan
 - Total Debt / LTM Adjusted EBITDA < 3.25x
- **Second Lien Facility (due Dec-24)**
 - \$200 million outstanding
 - LIBOR + 7.50% with 1% LIBOR floor
 - December 2017 issuance
 - NC2, 102 in Year 3, 101 in Year 4 and par thereafter until maturity
 - Net Debt / LTM Adjusted EBITDA < 4.5x
- **Common Equity**
 - "SBOW" stock symbol and listed on NYSE
 - 12.198 million shares as of 7/30/21

Capitalization⁽¹⁾

(\$MM, except per unit amounts)

Share Price (7/30/21)	\$19.82
Shares Outstanding (7/30/21)	12.198
Equity Market Capitalization	\$241.8
Plus: Revolving Credit Facility	\$198.0
Plus: Second Lien	200.0
Less: Cash and Cash Equivalents	2.1
Enterprise Value	\$637.7

Valuation Statistics

	<i>Metric</i>	<i>Multiple</i>
EV / LTM Adjusted EBITDA ⁽³⁾	\$206	3.09x
EV / Proved Reserves (\$/Mcf) ⁽²⁾	1,140	\$0.56
EV / 2Q21 Production (\$/Mcf/d)	213	\$2,996

Credit Statistics

	<i>Metric</i>	<i>Multiple</i>
Total Debt / LTM Adjusted EBITDA ⁽³⁾	\$206	1.93x
Proved PV-10 / Total Debt ⁽²⁾	\$1,058	2.66x
PDP PV-10 / Total Debt ⁽²⁾	\$635	1.60x

Straightforward capital structure with improving metrics

(1) Cash and debt balance as of 6/30/21

(2) Reserves and PV-10 as of 12/31/20 and based on \$60.00/Bbl and \$3.00/MMBtu

(3) LTM Adjusted EBITDA includes \$25.8 million of proceeds from the amortization of previously unwound derivatives for period ending 2Q21. LTM Adjusted EBITDA for covenant compliance for 2Q21 = \$206.3 million

Hedging Summary

Current Hedge Position⁽¹⁾

	3Q 2021 (3 Months)	4Q 2021 (3 Months)	1Q 2022 (3 Months)	2Q 2022 (3 Months)	3Q 2022 (3 Months)	4Q 2022 (3 Months)	1Q 2023 (3 Months)	2Q 2023 (3 Months)
NYMEX HH GAS								
Swaps								
Gas (MMBtu)	940,000	1,520,000		3,795,000	4,142,100	2,760,000		
Wt Avg Price	\$3.51	\$3.67		\$2.99	\$3.02	\$3.14		
Collars								
Gas (MMBtu)	8,185,175	8,991,000	8,465,000	5,246,500	4,899,000	5,925,076	5,647,000	2,275,000
Wt Avg Floor	\$2.35	\$2.61	\$2.72	\$2.15	\$2.39	\$2.52	\$2.70	\$2.40
Wt Avg Ceiling	\$2.81	\$2.98	\$3.36	\$2.60	\$2.72	\$2.98	\$3.21	\$2.84
NYMEX WTI OIL								
Swaps								
Oil (Bbl)	197,759	272,662	223,455	136,500	246,100	184,000	81,900	
Wt Avg Price	\$52.85	\$57.50	\$49.32	\$56.66	\$49.63	\$54.84	\$55.70	
Collars								
Oil (Bbl)	90,620	84,640	40,500	115,850				36,400
Wt Avg Floor	\$34.34	\$34.70	\$40.00	\$39.25				\$56.00
Wt Avg Ceiling	\$39.87	\$41.01	\$45.55	\$46.20				\$63.20
NGL								
Swaps								
NGLs (Bbl)	192,320	192,320	90,000	45,500	46,000	46,000		
Wt Avg Price	\$24.26	\$24.26	\$24.92	\$26.32	\$26.32	\$26.32		
Oil Basis								
Swaps								
MEH-WTI (Bbls)	262,200	241,500						
Wt Avg Price	\$1.27	\$1.28						
Swaps								
CMA Roll (Bbls)	253,000	241,500	216,000	218,400	220,800	220,800		
Wt Avg Price	(\$0.34)	(\$0.33)	\$0.09	\$0.09	\$0.09	\$0.09		
Gas Basis								
Swaps								
HH-HSC (MMBtu)	10,120,000	11,040,000	6,300,000	2,730,000	2,760,000	2,760,000		
Wt Avg Price	(\$0.02)	(\$0.01)	\$0.05	(\$0.06)	(\$0.06)	(\$0.06)		

Note: Hedge portfolio as of 7/30/21

(1) The above analysis assumes 1 Mcf equals 1 MMBtu

Calculation of Adjusted EBITDA & Free Cash Flow

(\$000s, except per unit metrics)

	2020			2021	
	3Q	4Q	FY	1Q	2Q
Net Income / (Loss)	<u>(\$6,896)</u>	<u>\$9,348</u>	<u>(\$309,382)</u>	<u>\$28,380</u>	<u>(\$19,951)</u>
Plus:					
DD&A	13,975	13,434	64,564	13,393	16,039
Accretion of ARO	90	91	354	75	74
Interest Expense	7,444	7,352	31,228	7,019	7,436
Write-down of Oil & Gas Properties	-	-	355,948	-	-
Derivative (Gain) / Loss	12,944	5,580	(61,304)	18,259	46,067
Derivative Cash Settlements	7,938	1,143	39,424	(4,782)	(8,060)
Income Tax Expense / (Benefit)	(572)	304	20,911	-	-
Non-cash Equity Compensation	1,066	1,054	4,557	1,070	1,189
Adjusted EBITDA	<u>\$35,989</u>	<u>\$38,306</u>	<u>\$146,300</u>	<u>\$63,414</u>	<u>\$42,794</u>
Plus:					
Monetized Derivative Contracts	-	-	38,310	-	-
Cash Interest Expense & Bank Fees, Net	(7,284)	(6,639)	(28,929)	(6,424)	(9,259)
Capital Expenditures ⁽¹⁾	(20,191)	(19,541)	(95,241)	(32,961)	(26,157)
Current Income Tax (Expense) / Benefit	572	-	480	-	-
Free Cash Flow	<u>\$9,086</u>	<u>\$12,126</u>	<u>\$60,920</u>	<u>\$24,029</u>	<u>\$7,378</u>
Adjusted EBITDA	<u>\$35,989</u>	<u>\$38,306</u>	<u>\$146,300</u>	<u>\$63,414</u>	<u>\$42,794</u>
Plus:					
Amortization of Derivative Contracts	9,099	9,239	25,075	3,530	3,928
Adjusted EBITDA for Leverage Ratio⁽²⁾	<u>\$45,088</u>	<u>\$47,545</u>	<u>\$171,375</u>	<u>\$66,944</u>	<u>\$46,722</u>

Note: Table represents as-reported figures

(1) Excludes proceeds/(payments) related to the divestiture/(acquisition) of oil and gas properties and equipment, outside of regular way land and leasing costs

(2) Adjusted EBITDA for Leverage Ratio includes \$3.9 million of proceeds from the amortization of previously unwound derivative contracts for 2Q21. Adjusted EBITDA for covenant compliance for the 12 months ended 6/30/21 is \$206.3 million

Calculation of Return on Capital Employed ("ROCE")

(\$000s, except per unit metrics)

	6/30/21	6/30/20
	<u>LTM</u>	<u>LTM</u>
Net Income / (Loss)	<u>\$10,881</u>	<u>\$92,745</u>
Plus:		
DD&A	56,841	97,550
Accretion of ARO	330	333
Interest Expense	29,251	36,209
Write-down of Oil & Gas Properties	-	95,606
Derivative (Gain) / Loss	82,850	(116,551)
Derivative Cash Settlements	(3,761)	36,374
Income Tax Expense / (Benefit)	(268)	(23,054)
Non-cash Equity Compensation	4,379	5,717
Adjusted EBITDA	<u>\$180,503</u>	<u>\$224,929</u>
Less: DD&A	(56,841)	(97,550)
Adjusted EBIT (A)	<u>\$123,662</u>	<u>\$127,379</u>
Total Debt	\$490,000	\$473,000
Shareholder's Equity	181,957	358,884
Capital Employed - Beginning of 12-Month Period	<u>\$671,957</u>	<u>\$831,884</u>
Total Debt	\$398,000	\$490,000
Shareholders' Equity ⁽¹⁾	101,238	181,957
Capital Employed - End of 12-Month Period	<u>\$499,238</u>	<u>\$671,957</u>
Average Capital Employed (B)⁽²⁾	<u>\$585,598</u>	<u>\$751,921</u>
Return on Capital Employed (ROCE) (A / B)	<u>21%</u>	<u>17%</u>

Note: Capital Employed - Beginning of 12-Month Period represents End of 12-Month Period balance sheet

(1) Shareholders' equity excludes write-down of oil and gas properties

(2) B = Average of Beginning of 12-Month Period and End of 12-Month Period

Calculation of Cash General & Administrative Expenses

(\$000s, except per unit metrics)

	2020			2021	
	<u>3Q</u>	<u>4Q</u>	<u>FY</u>	<u>1Q</u>	<u>2Q</u>
General and administrative, net	\$5,833	\$4,682	\$22,608	\$4,782	\$4,834
Less:					
Non-cash Equity Compensation	(1,066)	(1,054)	(4,557)	(1,070)	(1,189)
Cash general and administrative, net	\$4,767	\$3,628	\$18,051	\$3,712	\$3,645
General and administrative, net (per Mcfe)	\$0.35	\$0.29	\$0.34	\$0.29	\$0.25
Less:					
Non-cash Equity Compensation (per Mcfe)	(\$0.07)	(\$0.07)	(\$0.07)	(\$0.06)	(\$0.06)
Cash general and administrative, net (per Mcfe)	\$0.28	\$0.22	\$0.27	\$0.23	\$0.19

Reconciliation of PV-10 to Standardized Measure

Estimates of future net revenues from our proved reserves, Standardized Measure and PV-10 (PV-10 is a non-GAAP measure defined below), as of December 31, 2020, is made in accordance with SEC criteria, which is based on the preceding 12-months' average adjusted price after differentials based on closing prices on the first business day of each month, excluding the effects of hedging and are held constant, for that year's reserves calculation, throughout the life of the properties, except where such guidelines permit alternate treatment, including, in the case of natural gas contracts, the use of fixed and determinable contractual price escalations. We have interests in certain tracts that are estimated to have additional hydrocarbon reserves that cannot be classified as proved and are not reflected in the following table.

The following prices are used to estimate our SEC proved reserve volumes, year-end Standardized Measure and PV-10. The 12-month 2020 average adjusted prices after differentials were \$2.13 per Mcf of natural gas, \$37.83 per barrel of oil and \$11.66 per barrel of NGL.

As noted above, PV-10 Value is a non-GAAP measure. The most directly comparable GAAP measure to the PV-10 Value is the Standardized Measure. We believe the PV-10 Value is a useful supplemental disclosure to the Standardized Measure because the PV-10 Value is a widely used measure within the industry and is commonly used by securities analysts, banks and credit rating agencies to evaluate the value of proved reserves on a comparative basis across companies or specific properties without regard to the owner's income tax position. We use the PV-10 Value for comparison against our debt balances, to evaluate properties that are bought and sold and to assess the potential return on investment in our oil and gas properties. PV-10 Value is not a measure of financial or operating performance under GAAP, nor should it be considered in isolation or as a substitute for any GAAP measure. Our PV-10 Value and the Standardized Measure do not purport to represent the fair value of our proved oil and natural.

The following table provides a reconciliation between the Standardized Measure and PV-10 Value of the Company's proved reserves:

<i>(in millions, as of December 31, 2020)</i>	<u>2020</u>
Standardized Measure of Discounted Future Net	
Cash Flows	\$513
Future Income Taxes (Discounted at 10%)	<u>13</u>
SEC PV-10 Value	<u>\$526</u>

PV-10 represents the present value, discounted at 10% per year, of estimated future net cash flows. The Company's calculation of PV-10 using SEC prices herein differs from the standardized measure of discounted future net cash flows determined in accordance with the rules and regulations of the SEC in that it is calculated before income taxes rather than after income taxes using the average price during the 12-month period, determined as an unweighted average of the first-day-of-the-month price for each month. The Company's calculation of PV-10 using SEC prices should not be considered as an alternative to the standardized measure of discounted future net cash flows determined in accordance with the rules and regulations of the SEC.



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