



NYSE:CRK

# 2<sup>nd</sup> Quarter 2021 Results

AUGUST 3, 2021



# Disclaimer

*This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements give our current expectations or forecasts of future events. These statements include estimates of future natural gas and oil reserves, expected natural gas and oil production and future expenses, assumptions regarding future natural gas and oil prices, budgeted capital expenditures and other anticipated cash outflows, as well as statements concerning anticipated cash flow and liquidity, business strategy and other plans and objectives for future operations.*

*Our production forecasts are dependent upon many assumptions, including estimates of production decline rates from existing wells and the outcome of future drilling activity.*

*Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include the timing and extent of changes in market prices for oil and gas, operating risks, liquidity risks, including risks relating to our debt, political and regulatory developments and legislation, and other risk factors and known trends and uncertainties as described in our Annual Report on Form 10-K for fiscal year 2020 and as updated and supplemented in our Quarterly Reports on Form 10-Q, in each case as filed with the Securities and Exchange Commission. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in the forward-looking statements.*

*Reserve engineering is a process of estimating underground accumulations of hydrocarbons that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reserve engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions could impact Comstock’s strategy and change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of oil and natural gas that are ultimately recovered. These quantities do not necessarily constitute or represent reserves as defined by the Securities and Exchange Commission and are not intended to be representative of all anticipated future well results.*

*Comstock owns or has rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This presentation also contains trademarks, service marks and trade names of third parties, which are the property of their respective owners. The use or display of third parties’ trademarks, service marks, trade names or products in this presentation is not intended to, and does not imply, a relationship with, an endorsement or sponsorship by or of Comstock. Solely for convenience, the trademarks, service marks and trade names referred to in this presentation may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that Comstock will not assert, to the fullest extent under applicable law, their rights or the right of the applicable licensor to these trademarks, service marks and trade names.*





## 2<sup>nd</sup> Quarter 2021 Highlights

- Adjusted net income of \$55 million or \$0.22 per diluted share
- Production averaged 1,387 Mmcfe per day, 8% higher than the first quarter of 2021 and 6% higher than the second quarter of 2020
- Revenues<sup>(1)</sup> of \$325 million, 40% higher than 2020's second quarter
- Adjusted EBITDAX of \$251 million, 55% higher than 2020's second quarter
- Operating cash flow<sup>(2)</sup> of \$196 million or \$0.71 per diluted share
- Generated free cash flow of \$20 million, bringing free cash flow for the first six months of 2021 to \$53 million
- Refinanced 9.75% senior notes with new 8.5 year 5.875% senior notes
  - Saves \$28 million in annual interest payments
  - Extends average senior note maturities to 7.6 years from 6.3 years
  - Combined with the March 2021 refinancing transaction, future annual interest payments have been reduced by \$48 million

*(1) including realized hedging gains and losses*

*(2) excluding working capital changes*



# Senior Notes Issuance and Redemption

## Sources & uses

### Sources

(\$ in millions)

|                       |              |
|-----------------------|--------------|
| Senior Notes Issuance | \$965        |
| <b>Total Sources</b>  | <b>\$965</b> |

### Uses

(\$ in millions)

|                                      |              |
|--------------------------------------|--------------|
| Repurchase 9¾% Senior Notes due 2026 | \$947        |
| Offering Expenses                    | 15           |
| <b>Total Uses</b>                    | <b>\$962</b> |

- Weighted average maturity increases from 6.3 years to 7.6 years
- Lowers annual interest expense by \$33.2 million
- Lowers annual cash interest by \$28.4 million

## Capitalization

|  | As of<br>March 31,<br>2021 | As of<br>June 30,<br>2021 |
|--|----------------------------|---------------------------|
| (\$ in millions)                                   |                            |                           |
| Cash and Cash Equivalents                          | \$77                       | \$20                      |
| Revolving Credit Facility                          | \$550                      | \$475                     |
| <b>Secured Debt</b>                                | <b>\$550</b>               | <b>\$475</b>              |
| 7½% Senior Notes due 2025                          | \$244                      | \$244                     |
| 9¾% Senior Notes due 2026                          | 873                        | -                         |
| 6¾% Senior Notes due 2029                          | 1,250                      | 1,250                     |
| 5¾% Senior Notes due 2030                          | -                          | 965                       |
| <b>Total Debt</b>                                  | <b>\$2,917</b>             | <b>\$2,934</b>            |
| Preferred Equity (at face value)                   | \$175                      | \$175                     |
| Common Equity                                      | 1,130                      | 947                       |
| <b>Total Capitalization</b>                        | <b>\$4,222</b>             | <b>\$4,056</b>            |
| <br>Annualized 2021 EBITDAX <sup>(1)</sup>         | <br>\$1,048                | <br>\$1,026               |
| <b>Credit Statistics</b>                           |                            |                           |
| Secured Debt / Annualized EBITDAX <sup>(1)</sup>   | 0.5x                       | 0.5x                      |
| Total Net Debt / Annualized EBITDAX <sup>(1)</sup> | 2.7x                       | 2.8x                      |
| <br><b>Liquidity Analysis</b>                      |                            |                           |
| Cash & Cash Equivalents                            | \$77                       | \$20                      |
| Revolving Credit Facility Borrowing Base           | 1,400                      | 1,400                     |
| Less Revolving Credit Facility Outstanding         | 550                        | 475                       |
| <b>Liquidity</b>                                   | <b>\$927</b>               | <b>\$945</b>              |

(1) EBITDAX is a non-GAAP financial measure. Please see Appendix for a reconciliation to the most directly comparable GAAP financial measure.



# Q2 2021 Financial Results

*\$ in millions except per share and unit amounts*

|   | 2020 Q2  | 2021 Q2   |      |
|---|----------|-----------|------|
| <i>Oil Production (Mbbbls)</i>                            | 360      | 362       | 1%   |
| <i>Gas Production (MMcf)</i>                              | 116,477  | 124,083   | 7%   |
| <i>Production (MMcfe)</i>                                 | 118,631  | 126,260   | 6%   |
| <i>Oil Price (Per Barrel)</i>                             | \$37.89  | \$55.82   | 47%  |
| <i>Gas Price (Per Mcf)</i>                                | \$1.88   | \$2.46    | 31%  |
| <i>Oil and Gas Sales <sup>(1)</sup></i>                   | \$232.8  | \$324.8   | 40%  |
| <i>Lifting Costs</i>                                      | 64.0     | 67.9      | 6%   |
| <i>General and Administrative</i>                         | 8.3      | 7.9       | -5%  |
| <i>Depreciation, Depletion and Amort.</i>                 | 103.3    | 121.4     | 18%  |
| <i>Operating Income before Taxes <sup>(1)</sup></i>       | \$ 57.2  | \$ 127.6  | 123% |
| <i>Reported Net Loss</i>                                  | (\$60.0) | (\$184.1) |      |
| <i>Unrealized Losses on Hedge Contracts</i>               | 65.6     | 204.8     |      |
| <i>Loss on Early Extinguishment of Debt</i>               | 0.9      | 114.1     |      |
| <i>Interest Amortization on Senior Notes Valuation</i>    | 5.4      | 2.5       |      |
| <i>Non-Cash Preferred Stock Accretion</i>                 | 2.9      | -         |      |
| <i>Adjustment to (Provision) Benefit for Income Taxes</i> | (13.0)   | (82.2)    |      |
| <i>Adjusted Net Income</i>                                | \$ 1.8   | \$55.1    |      |
| <i>Adjusted Net Income per Diluted Share</i>              | \$ 0.01  | \$ 0.22   |      |
| <i>Adjusted EBITDAX <sup>(2)</sup></i>                    | \$ 162.0 | \$ 251.1  | 55%  |
| <i>Cash Flow from Operations <sup>(3)</sup></i>           | \$ 117.5 | \$ 196.4  | 67%  |

<sup>(1)</sup> Includes Realized Hedging Gains and Losses

<sup>(2)</sup> Excludes Stock-based Compensation

<sup>(3)</sup> Excludes Working Capital Changes



# 6 Months 2021 Financial Results

*\$ in millions except per share and unit amounts*

|   | 2020 6M  | 2021 6M   |      |
|---|----------|-----------|------|
| <i>Oil Production (Mbbbls)</i>                            | 814      | 688       | -15% |
| <i>Gas Production (MMcf)</i>                              | 239,263  | 237,376   | -1%  |
| <i>Production (MMcfe)</i>                                 | 244,144  | 241,506   | -1%  |
| <i>Oil Price (Per Barrel)</i>                             | \$42.59  | \$52.06   | 22%  |
| <i>Gas Price (Per Mcf)</i>                                | \$1.96   | \$2.62    | 34%  |
| <i>Oil and Gas Sales <sup>(1)</sup></i>                   | \$504.1  | \$656.9   | 30%  |
| <i>Lifting Costs</i>                                      | 126.7    | 131.6     | 4%   |
| <i>General and Administrative</i>                         | 17.0     | 15.9      | -7%  |
| <i>Depreciation, Depletion and Amort.</i>                 | 213.8    | 230.6     | 8%   |
| <i>Operating Income before Taxes <sup>(1)</sup></i>       | \$ 146.6 | \$ 278.8  | 90%  |
| <i>Reported Net Income (Loss)</i>                         | (\$30.0) | (\$322.5) |      |
| <i>Loss on Extinguishment of Debt</i>                     | 0.9      | 352.6     |      |
| <i>Unrealized Losses from Hedge Contracts</i>             | 49.1     | 217.9     |      |
| <i>Interest Amortization on Senior Notes Valuation</i>    | 10.7     | 7.4       |      |
| <i>Non-Cash Preferred Stock Accretion</i>                 | 5.4      | -         |      |
| <i>Gain on Asset Sale</i>                                 | -        | (0.1)     |      |
| <i>Adjustment to (Provision) Benefit for Income Taxes</i> | (8.0)    | (137.0)   |      |
| <i>Adjusted Net Income</i>                                | \$ 28.1  | \$ 118.3  |      |
| <i>Adjusted Net Income per Diluted Share</i>              | \$ 0.14  | \$ 0.46   |      |
| <i>Adjusted EBITDAX <sup>(2)</sup></i>                    | \$ 363.7 | \$ 513.8  | 41%  |
| <i>Cash Flow from Operations <sup>(3)</sup></i>           | \$ 273.4 | \$ 403.0  | 47%  |

<sup>(1)</sup> Includes Realized Hedging Gains and Losses

<sup>(2)</sup> Excludes Stock-based Compensation

<sup>(3)</sup> Excludes Working Capital Changes



# Hedging Program

- In the second quarter, Comstock had 68% of its gas production hedged, which decreased the realized gas price to \$2.46 per Mcf versus \$2.59 per Mcf
- In the second quarter, Comstock also had 38% of its oil production hedged, which decreased the realized oil price to \$55.82 per barrel versus \$61.25 per barrel

**Comstock has ~70% of its oil and gas production hedged in 2H 2021**

| Period  | Natural Gas (Mmbtu/d) |        |         |                 |                    |        | Oil (Bbl/d) |                   |
|---------|-----------------------|--------|---------|-----------------|--------------------|--------|-------------|-------------------|
|         | Swaps                 |        | Collars |                 | Total <sup>1</sup> |        | Collars     |                   |
| 2021 1Q | 607,271               | \$2.56 | 270,000 | \$2.45 / \$2.88 | 877,271            | \$2.52 | 1,328       | \$41.23 / \$51.10 |
| 2021 2Q | 592,184               | \$2.54 | 330,000 | \$2.46 / \$2.99 | 922,184            | \$2.51 | 1,500       | \$41.67 / \$51.67 |
| 2021 3Q | 585,000               | \$2.53 | 400,000 | \$2.47 / \$3.03 | 985,000            | \$2.51 | 1,500       | \$41.67 / \$51.67 |
| 2021 4Q | 560,000               | \$2.53 | 406,630 | \$2.48 / \$3.05 | 966,630            | \$2.51 | 1,500       | \$41.67 / \$51.67 |
| 2021 FY | 585,981               | \$2.54 | 352,164 | \$2.47 / \$3.00 | 938,146            | \$2.51 | 1,458       | \$41.57 / \$51.54 |
| 2022 1Q | 250,000               | \$2.70 | 350,000 | \$2.59 / \$3.72 | 600,000            | \$2.63 | 120,000     | \$2.51            |
| 2022 2Q | 200,000               | \$2.78 | 340,000 | \$2.52 / \$3.44 | 540,000            | \$2.62 | 120,000     | \$2.51            |
| 2022 3Q | 200,000               | \$2.78 | 290,000 | \$2.53 / \$3.47 | 490,000            | \$2.63 | 120,000     | \$2.51            |
| 2022 4Q | 200,000               | \$2.78 | 290,000 | \$2.53 / \$3.48 | 490,000            | \$2.63 | 120,000     | \$2.51            |
| 2022 FY | 212,329               | \$2.76 | 317,260 | \$2.54 / \$3.53 | 529,589            | \$2.63 | 120,000     | \$2.51            |
| 2023 FY |                       |        | 12,329  | \$2.50 / \$3.67 | 12,329             | \$2.50 |             |                   |

(1) Weighted average price is calculated using the long put price for collars.

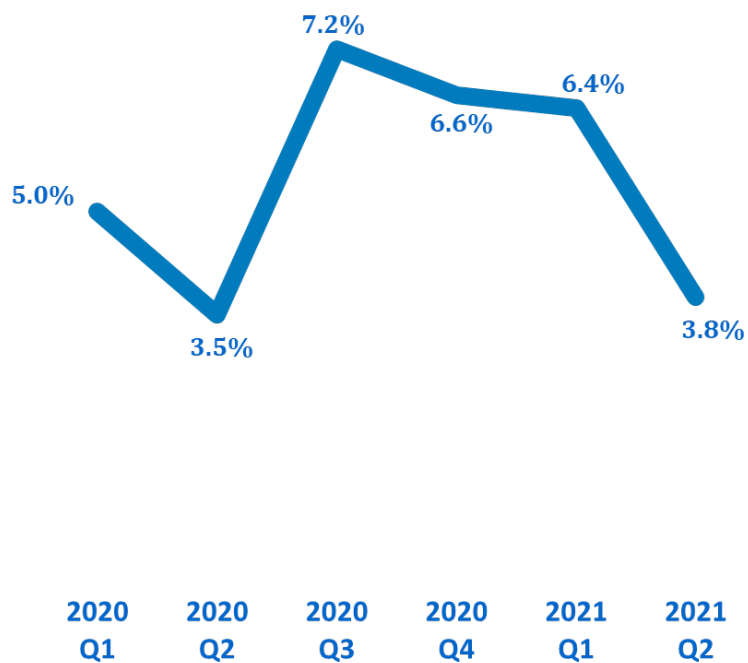
(2) The counterparty has the right to exercise a call option to enter into a price swap with the Company on 120,000 Mmbtu/d in 2022 at an average price of \$2.51. The call option expires for 100,000 Mmbtu/d at an average price of \$2.52 in October 2021 and 20,000 Mmbtu/d at an average price of \$2.50 in November 2021.



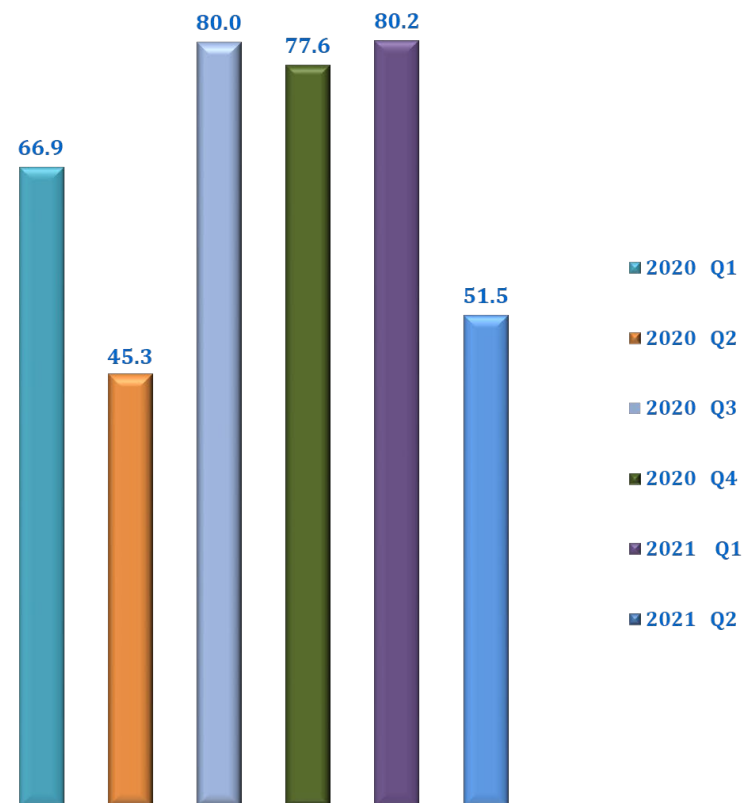
# Shut-in Production

*3.8% of natural gas production was shut-in for offset frac activity in 2<sup>nd</sup> quarter*

(% of natural gas production)



(MMcf per day)

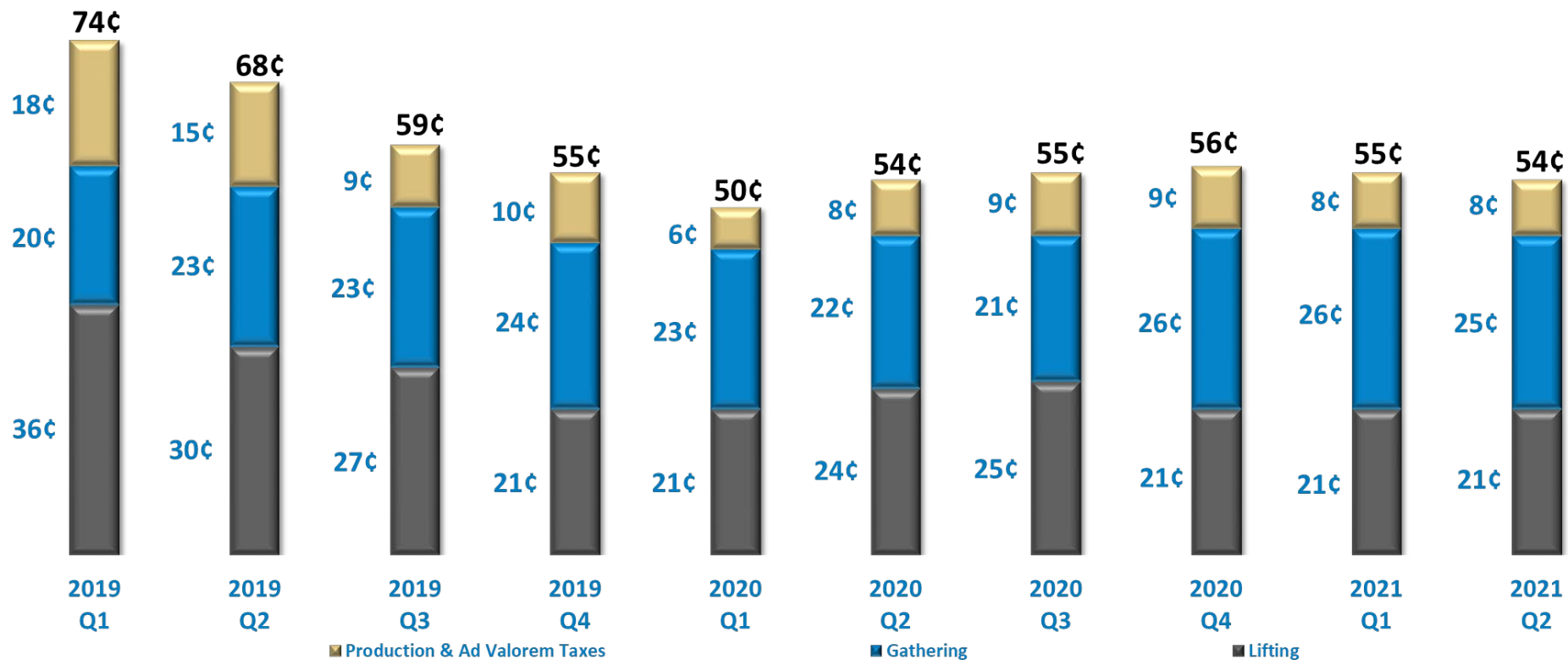






# Low Cost Structure

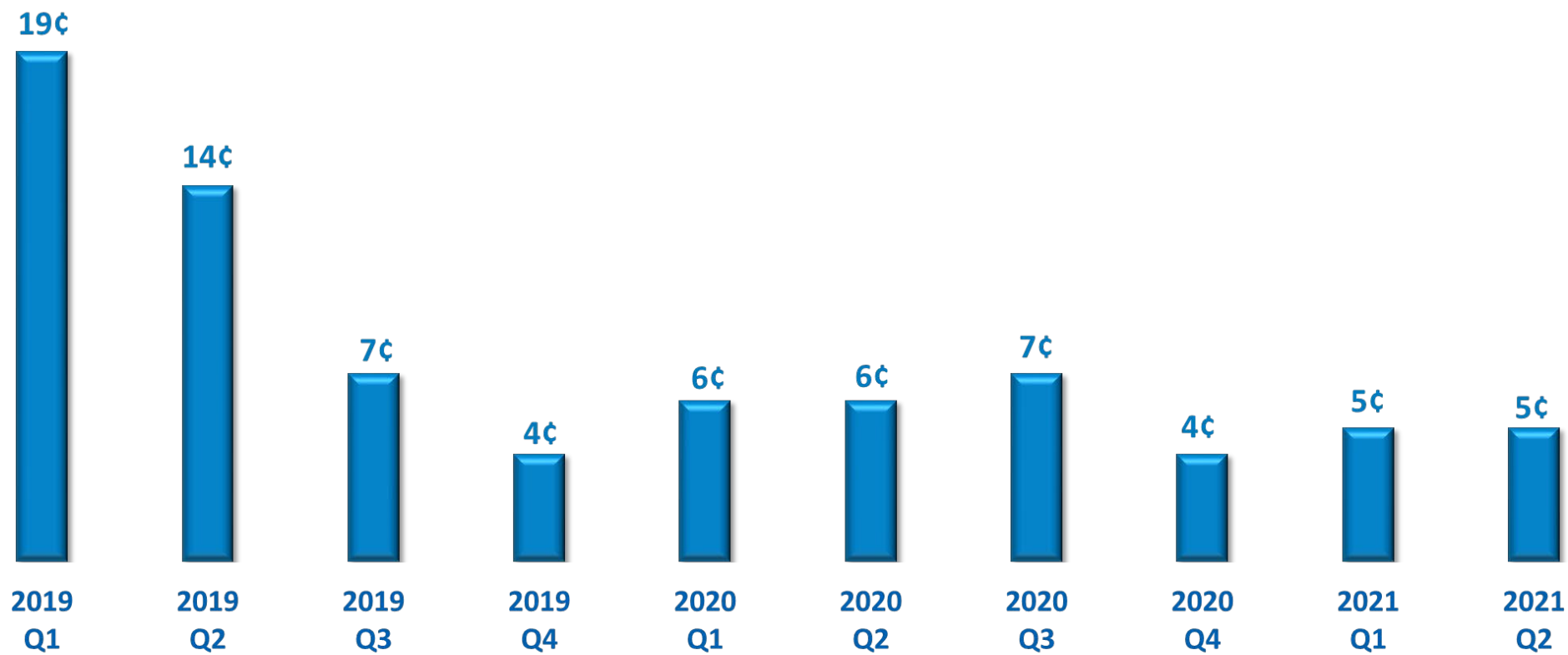
## Operating Costs Per Mcfe





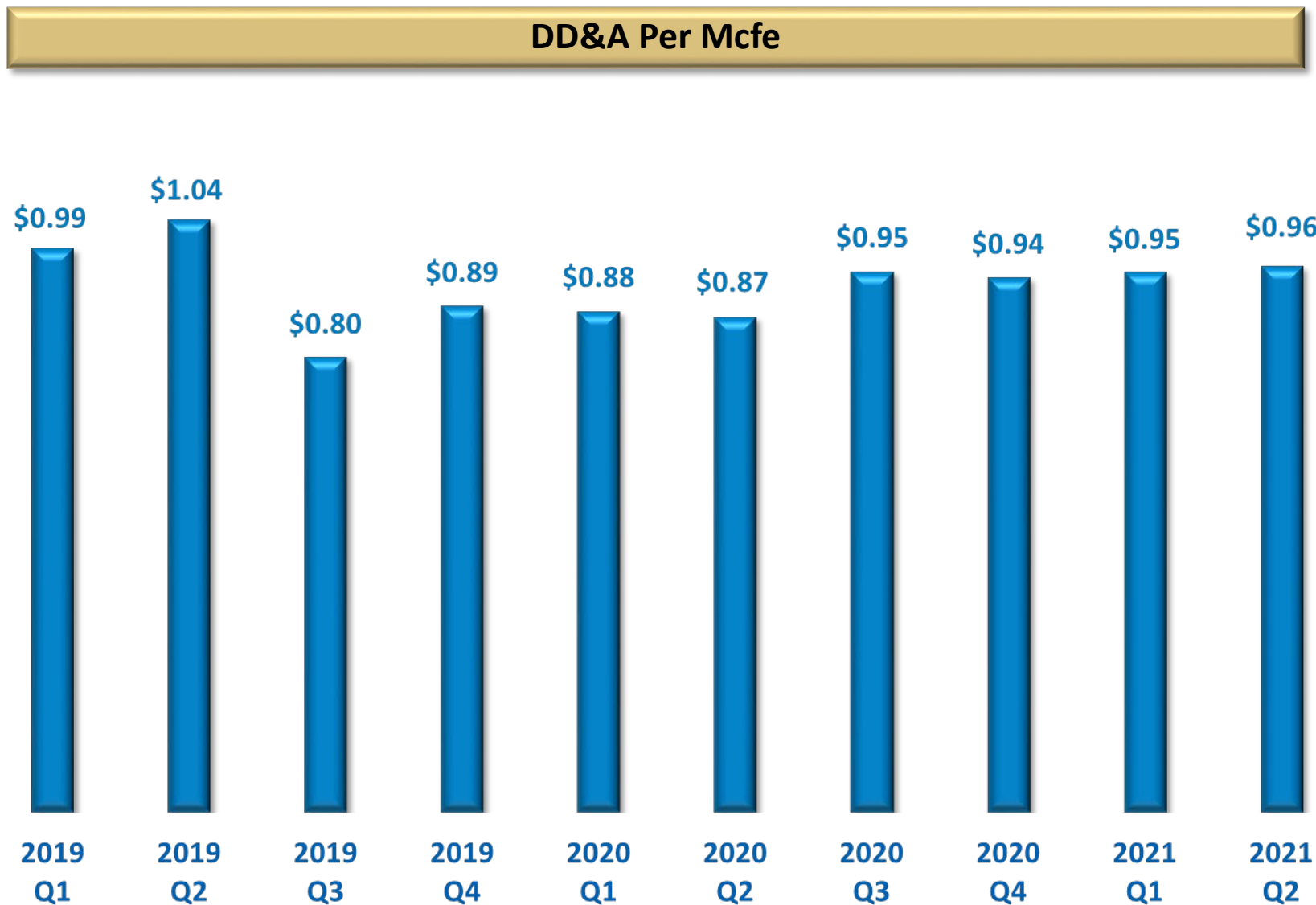
# Low Cost Structure

Cash G&A Per Mcfe





# Low Cost Structure





# Balance Sheet

## Bank Credit Facility

### Senior Secured Revolving Credit Facility:

- \$1.4 billion borrowing base reaffirmed on April 16, 2021
- Maturity date July 16, 2024
- Pricing of L+225 to 325 bpts
- Key financial covenants:
  - Leverage Ratio < 4X, Current Ratio >1.0

## Capitalization

(\$ in millions) 6/30/2021

Cash and Cash Equivalents \$20

Revolving Credit Facility \$475

7½% Senior Notes due 2025 244

6¾% Senior Notes due 2029 1,250

5½% Senior Notes due 2030 965

**Total Debt \$2,934**

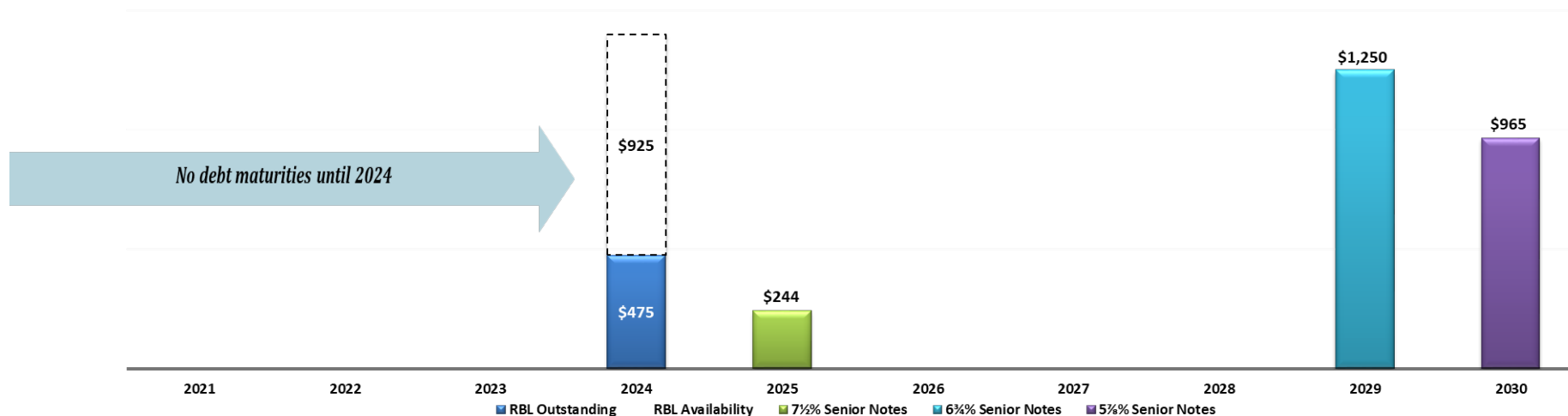
Preferred Equity (at face value) \$175

Common Equity 947

**Total Capitalization \$4,056**

**Liquidity \$945**

## Debt Maturity Profile





# Drilling Program

| (\$ in millions)            | Second Quarter 2021 |                        |             |              | Six Months 2021 |                        |             |              |
|-----------------------------|---------------------|------------------------|-------------|--------------|-----------------|------------------------|-------------|--------------|
|                             | \$                  | Average Lateral (feet) | Gross Wells | WI Net Wells | \$              | Average Lateral (feet) | Gross Wells | WI Net Wells |
| 2020 wells turned to sales  | \$ 24.0             | 10,143                 | 8           | 7.4          | \$ 99.8         | 9,712                  | 18          | 16.5         |
| 2021 wells turned to sales  | 29.4                | 7,963                  | 8           | 6.8          | 54.9            | 7,963                  | 8           | 6.8          |
| 2021 wells drilled          | 95.6                | 8,459                  | 21          | 15.7         | 144.4           | 7,887                  | 34          | 26.7         |
| 2021 wells drilling         | 4.9                 | 12,360                 | 5           | 4.3          | 5.0             | 12,360                 | 5           | 4.3          |
| 2021 non-operated and other | 10.9                |                        |             |              | 23.7            |                        |             |              |
| Total Development Costs     | \$ 164.8            |                        |             |              | \$ 327.9        |                        |             |              |
| Exploratory Leasing         | \$ 7.6              |                        |             |              | \$ 13.4         |                        |             |              |

## 2021 Drilling Program Overview

Developmental Capital Expenditures

\$525 million to \$560 million

Leasing Program

\$15 million to \$20 million

Wells Drilled to Total Depth - Operated

67 Gross / 55.2 Net

Wells to Sales - Operated

55 Gross / 47.6 Net

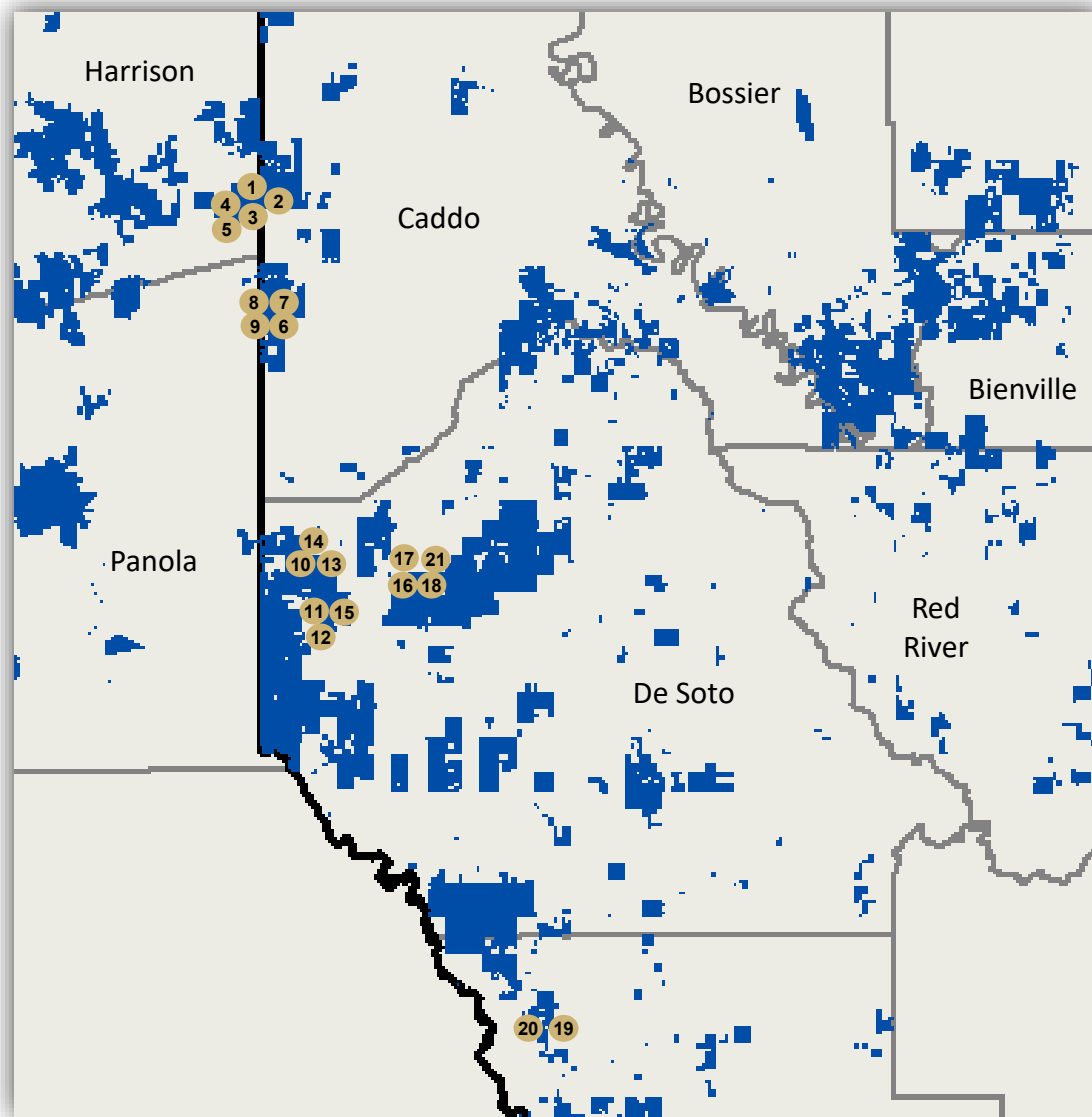
Year-End Drilled Uncompleted Wells

31 Gross / 25.0 Net



Completed 21 operated wells  
(average lateral length of 8,251 ft.) with  
average IP rate of 22 Mmcf/d

|    | Well Name                 | LL<br>(feet) | Turned To<br>Sales | IP<br>(Mmcf/d) |
|----|---------------------------|--------------|--------------------|----------------|
| 1  | Abercrombie Vincent H 1H  | 9,928        | 05/20/2021         | 26             |
| 2  | Abercrombie Abney H 1H    | 8,499        | 05/20/2021         | 24             |
| 3  | Abercrombie Vincent H 2H  | 9,936        | 05/22/2021         | 23             |
| 4  | Abercrombie Vincent H 3H  | 9,969        | 05/22/2021         | 25             |
| 5  | Abercrombie Vincent H 4H  | 11,388       | 05/22/2021         | 16             |
| 6  | Renrew Lands 5-32-29 HC 1 | 10,567       | 06/06/2021         | 25             |
| 7  | Renrew Lands 5-32-29 HC 2 | 10,251       | 06/06/2021         | 26             |
| 8  | Edgar 31-30 HC 1          | 9,362        | 06/06/2021         | 20             |
| 9  | Edgar 31-30 HC 2          | 9,061        | 06/06/2021         | 22             |
| 10 | Headrick 14-11 HC 3       | 9,817        | 07/06/2021         | 24             |
| 11 | Headrick 23 HZ 1          | 4,581        | 07/06/2021         | 15             |
| 12 | Headrick 14-23 HC 3       | 5,317        | 07/06/2021         | 17             |
| 13 | Hart 14-11 HC 1           | 9,825        | 07/09/2021         | 22             |
| 14 | Hart 14-11 HC 2           | 9,817        | 07/09/2021         | 22             |
| 15 | Hart HZ 2                 | 4,580        | 07/09/2021         | 15             |
| 16 | Greene 22-15-10 HC 1      | 7,921        | 07/18/2021         | 18             |
| 17 | Weyerhauser 15-10 HC 2    | 6,073        | 07/19/2021         | 22             |
| 18 | Weyerhauser 15-10 HC 3    | 5,477        | 07/19/2021         | 22             |
| 19 | Arrington 11-14 HC 1      | 7,483        | 07/22/2021         | 31             |
| 20 | Arrington 11-14 HC 2      | 7,514        | 07/22/2021         | 32             |
| 21 | Weyerhauser 15-10 HC 1    | 5,902        | 07/23/2021         | 23             |
|    |                           | 8,251        |                    | 22             |

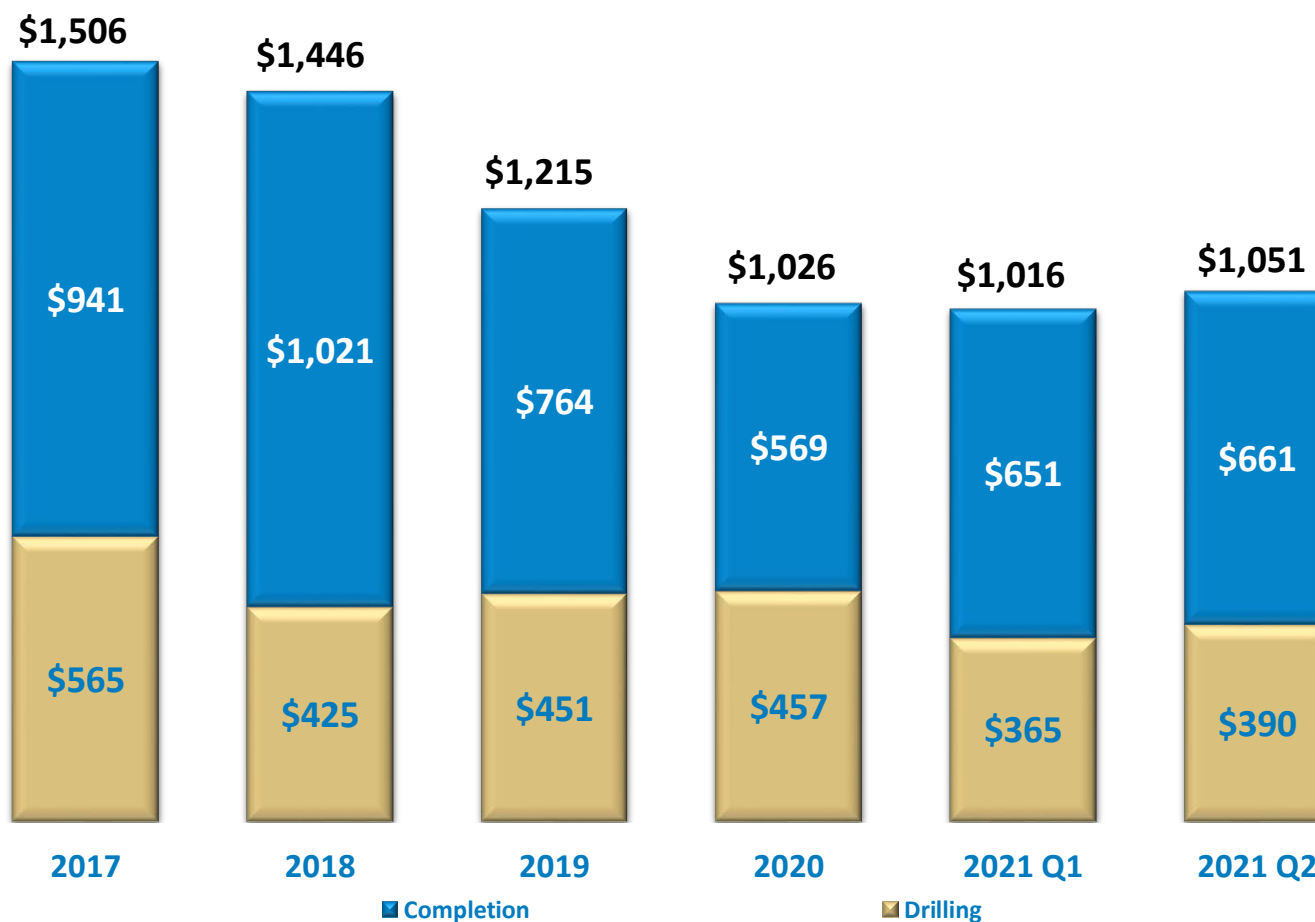




# D&C Costs

*(Laterals > 8,000 ft.)*

*(\$ per Lateral Foot)*





# 2021 Outlook

- 2021 drilling program expected to provide production growth as well as generate meaningful free cash flow
- 2021 operating plan is focused on improving balance sheet, reducing leverage and improving our cost of capital
  - Completed refinancing high cost bonds and now focused on absolute debt reduction
  - Expect leverage ratio to significantly improve in 2021 to less than 2.5x and less than 2x in 2022
- Maintaining industry leading low cost structure and best in class well drilling returns
  - Substantial inventory of highly economic drilling locations (1,967 net Hayneville/Bossier locations on acreage)
- Demonstrating our commitment to environmental stewardship and a responsible energy future by focusing on reducing our GHG emissions
- Strong financial liquidity of \$945 million



| Guidance                                | 2021            |
|---|-----------------|
| Production (Mmcfe/d)                    | 1,330 - 1,425   |
| % Natural Gas                           | 97% - 99%       |
| Development Capital Expenditures (\$MM) | \$525 - \$560   |
| Leasing Program (\$MM)                  | \$15 - \$20     |
| Expenses (\$/Mcf) -                     |                 |
| Lease Operating                         | \$0.21 - \$0.25 |
| Gathering & Transportation              | \$0.23 - \$0.27 |
| Production & Other Taxes                | \$0.08- \$0.10  |
| DD&A                                    | \$0.90 - \$1.00 |
| Cash G&A                                | \$0.05 - \$0.07 |



# Non-GAAP Financial Measure

## Reconciliation of Adjusted EBITDAX

| <i>In thousands</i>                      | 2Q 2021           | 2Q 2020           | 6M 2021           | 6M 2020           |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>EBITDAX:</b>                          |                   |                   |                   |                   |
| Net Income (Loss)                        | \$ (179,695)      | \$ (49,876)       | \$ (313,820)      | \$ (7,848)        |
| Interest Expense                         | 57,172            | 52,001            | 121,252           | 104,811           |
| Income Taxes                             | (68,177)          | (11,445)          | (98,144)          | (54)              |
| Depreciation, Depletion and Amortization | 121,446           | 103,347           | 230,574           | 213,772           |
| Exploration                              | -                 | -                 | -                 | 27                |
| Unrealized Losses from Hedges            | 204,822           | 65,585            | 217,894           | 49,102            |
| Stock-based Compensation                 | 1,799             | 1,552             | 3,489             | 2,982             |
| Loss on Early Extinguishment of Debt     | 114,060           | 861               | 352,599           | 861               |
| Gains on Sale of Assets                  | (9)               | -                 | (79)              | -                 |
| <b>Total EBITDAX</b>                     | <b>\$ 251,418</b> | <b>\$ 162,025</b> | <b>\$ 513,765</b> | <b>\$ 363,653</b> |