Carbon Natural Gas Company

Annual Meeting of Stockholders
Company Presentation

June 2017

Important Disclosures

Forward-Looking Statements

The slides contain certain 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"). Except for historical information, statements made in the slide presentation, including those relating to the Company's strategies, estimated and anticipated production, expenditures, infrastructure, estimated costs, number of wells to be drilled, estimated reserves, reserve potential, recoverable reserves, and financial position are forward-looking statements as defined by the Securities and Exchange Commission ("SEC"). These statements are based on assumptions and estimates that management believes are reasonable based on currently available information; however, management's assumptions and the Company's future performance are subject to a wide range of business risks and uncertainties and there is no assurance that these goals and projections can or will be met. Any number of factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, the volatility of oil and gas prices, the costs and results of drilling and operations, the timing of production, mechanical and other inherent risks associated with oil and gas production, weather, the availability of drilling equipment, changes in interest rates, litigation, uncertainties about reserve estimates, and environmental risk. We caution you not place undue reliance on these forward-looking statements, which speak only as of the date reflected in the slide presentation, and we undertake no obligation to publicly update or revise any forward-looking statements. Further information on risks and uncertainties is available in the Company's filings with the SEC, which are incorporated by reference.

Actual quantities of oil and gas that may be ultimately recovered from Carbon's interests will differ substantially from our estimates. Factors affecting ultimate recovery include the scope of Carbon's drilling program, which will be directly affected by the availability of capital, drilling and production costs, commodity prices, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals, field spacing rules, recovery of gas in place, length of horizontal laterals, actual drilling results, and geological and mechanical factors affecting recovery rates and other factors. Estimates of resource potential may change significantly as development of our resource plays provides additional data. Investors are urged to consider closely the disclosures in our filings with the SEC available upon request to: Corporate Secretary, Carbon Natural Gas Company, 1700 Broadway, Suite 1170, Denver, Colorado 80290; tel: (720) 407-7043. You can also obtain our public filings from the SEC's website, http://www.sec.gov.

Non-GAAP Measures

The slide presentation contains certain references to EBITDA and Adjusted EBITDA value, which are non-GAAP financial measures, as defined under Regulation G of the rules and regulations of the SEC.

EBITDA and Adjusted EBITDA

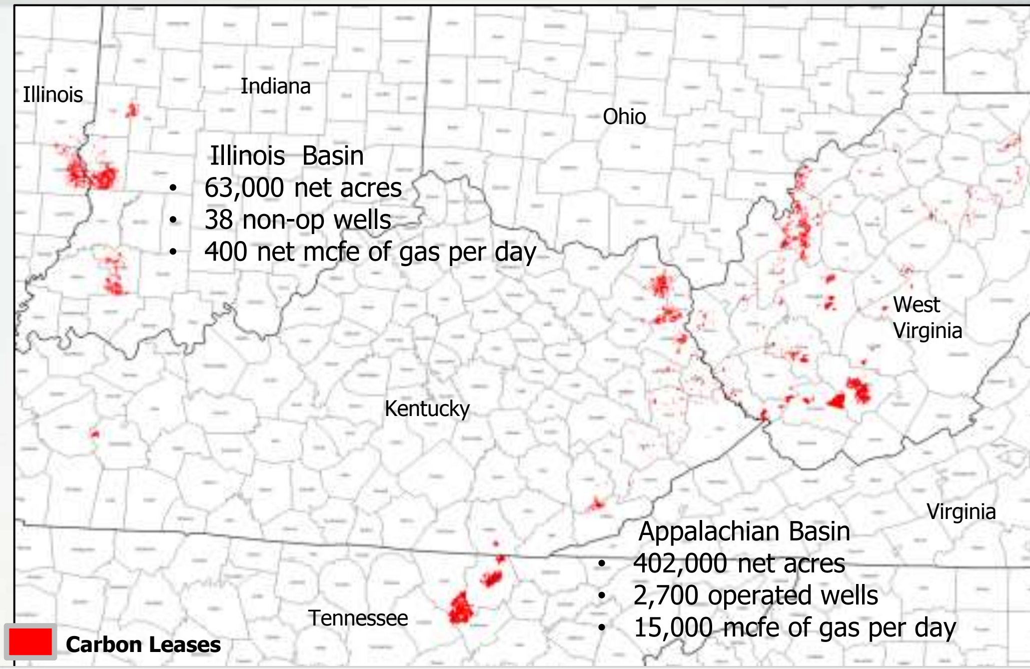
"EBITDA" and "Adjusted EBITDA" are non-GAAP financial measures. We define EBITDA as net income or loss before interest expense, taxes, depreciation, depletion and amortization. We define Adjusted EBITDA as EBITDA prior to accretion of asset retirement obligations, ceiling test write downs of oil and gas properties, non-cash stock-based compensation expense, non-cash warrant derivative gain or loss and the gain or loss on sold investments or properties. EBITDA and Adjusted EBITDA is consolidated including non-controlling interests and as used and defined by us, may not be comparable to similarly titled measures employed by other companies and are not measures of performance calculated in accordance with GAAP. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, net income or loss, cash flow provided by or used in operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP. EBITDA and Adjusted EBITDA provide no information regarding a company's capital structure, borrowings, interest costs, capital expenditures, and working capital movement or tax position. EBITDA and Adjusted EBITDA do not represent funds available for discretionary use because those funds are required for debt service, capital expenditures, working capital, income taxes, franchise taxes, exploration and development expenses, and other commitments and obligations. However, our management believes EBITDA and Adjusted EBITDA are useful to an investor in evaluating our operating performance because these measures are widely used by investors in the oil and natural gas industry to measure a company's operating performance without regard to items excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods, book value of assets, capital structure and the method by which assets were acquired, among other factors; and help investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure from our operating structure; and are used by our management for various purposes, including as a measure of operating performance, in presentations to our board of directors, as a basis for strategic planning and forecasting and by our lenders pursuant to a covenant under our credit facility.

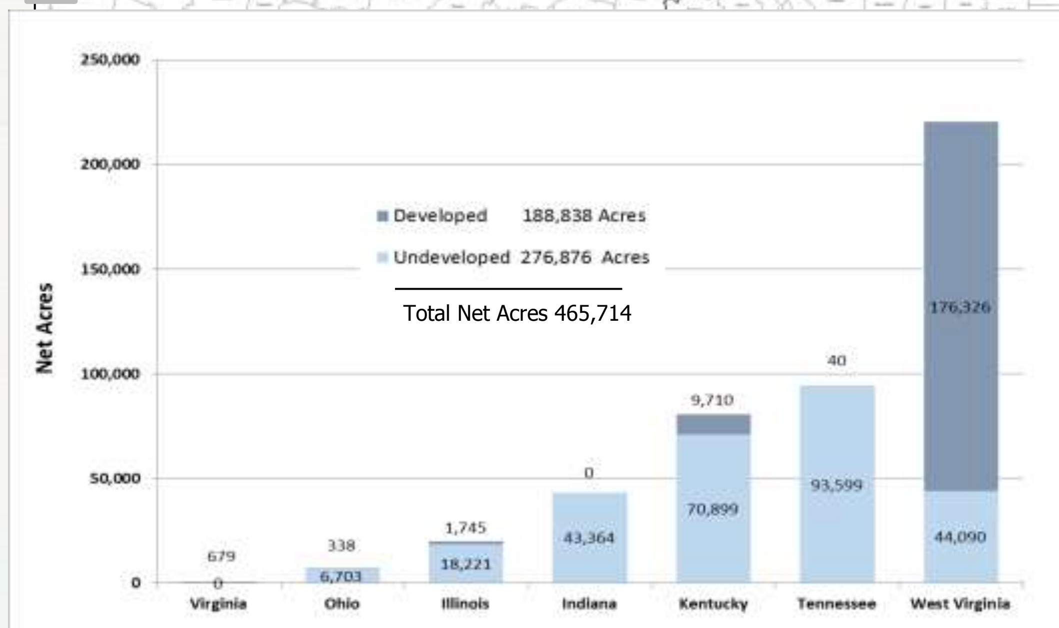
There are significant limitations to using EBITDA and Adjusted EBITDA as a measure of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss, the lack of comparability of results of operations of different companies and the different methods of calculating EBITDA and Adjusted EBITDA reported by different companies.

Carbon Corporate Overview at December 31, 2016

Carbon Natural Gas is an independent, public oil and gas company

- **Net proved reserves are 74 bcf of gas and 882,000 barrels oil (SEC methodology)**
- **Operate over 2,750 wells and interest in over 3,200 wells**
- **Net production is 15,400 mcfe of gas per day**
- **Low expense operator**
- **High BTU natural gas in close proximity to market**
- **Management team has long-term successful track record of creating value for its shareholders and partners**
- **Strong technical team with acquisition, production and drilling expertise**
- **Excellent opportunities to add producing reserves and cash flow at attractive valuations**
- **Land position of approximately 465,000 net acres of oil, gas and/or coalbed methane rights in Appalachian and Illinois Basins with multiple oil and natural gas objectives**
  - **68% held by production**
  - **45% of remaining leases expire greater than 5 years**





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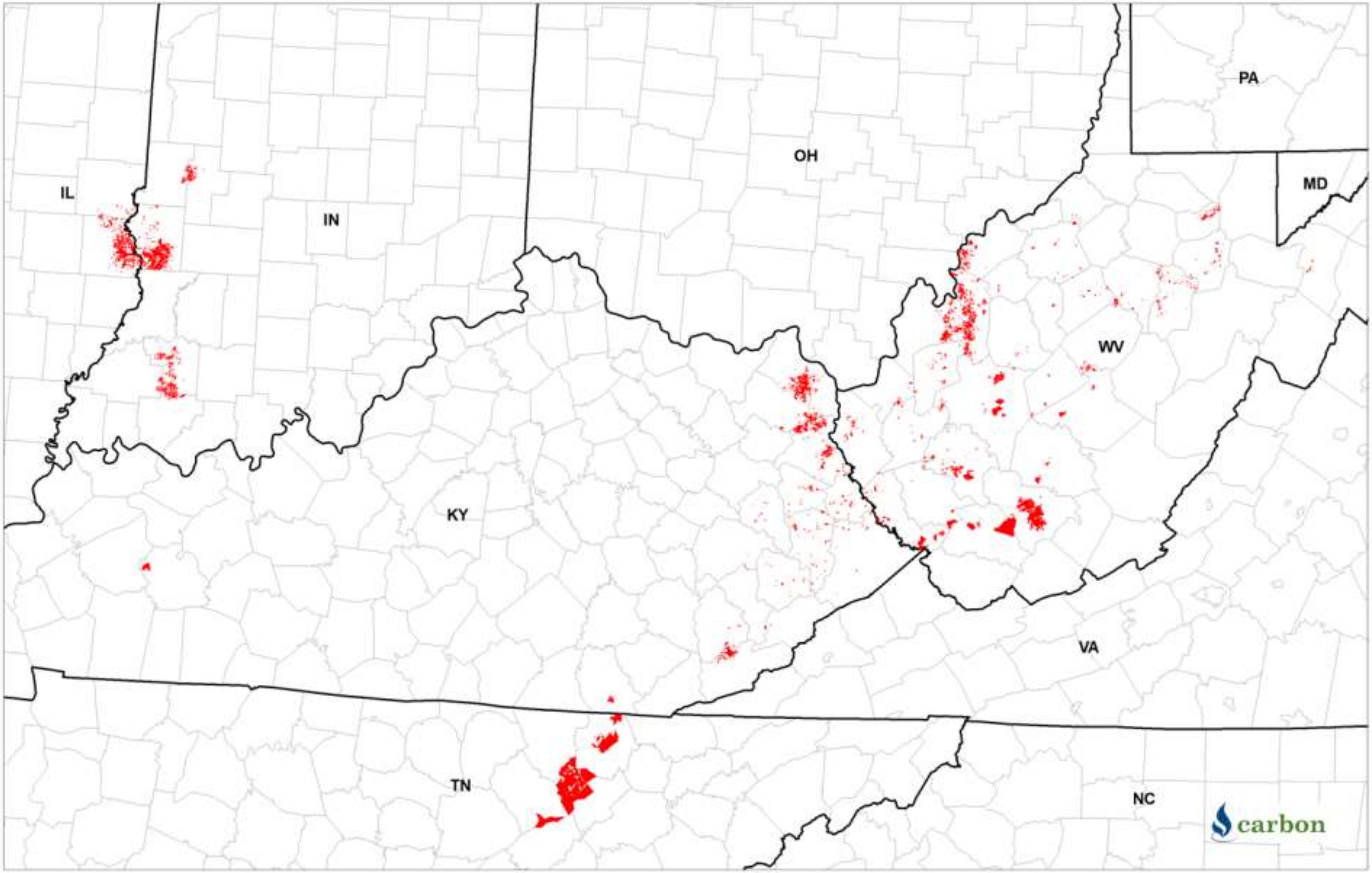
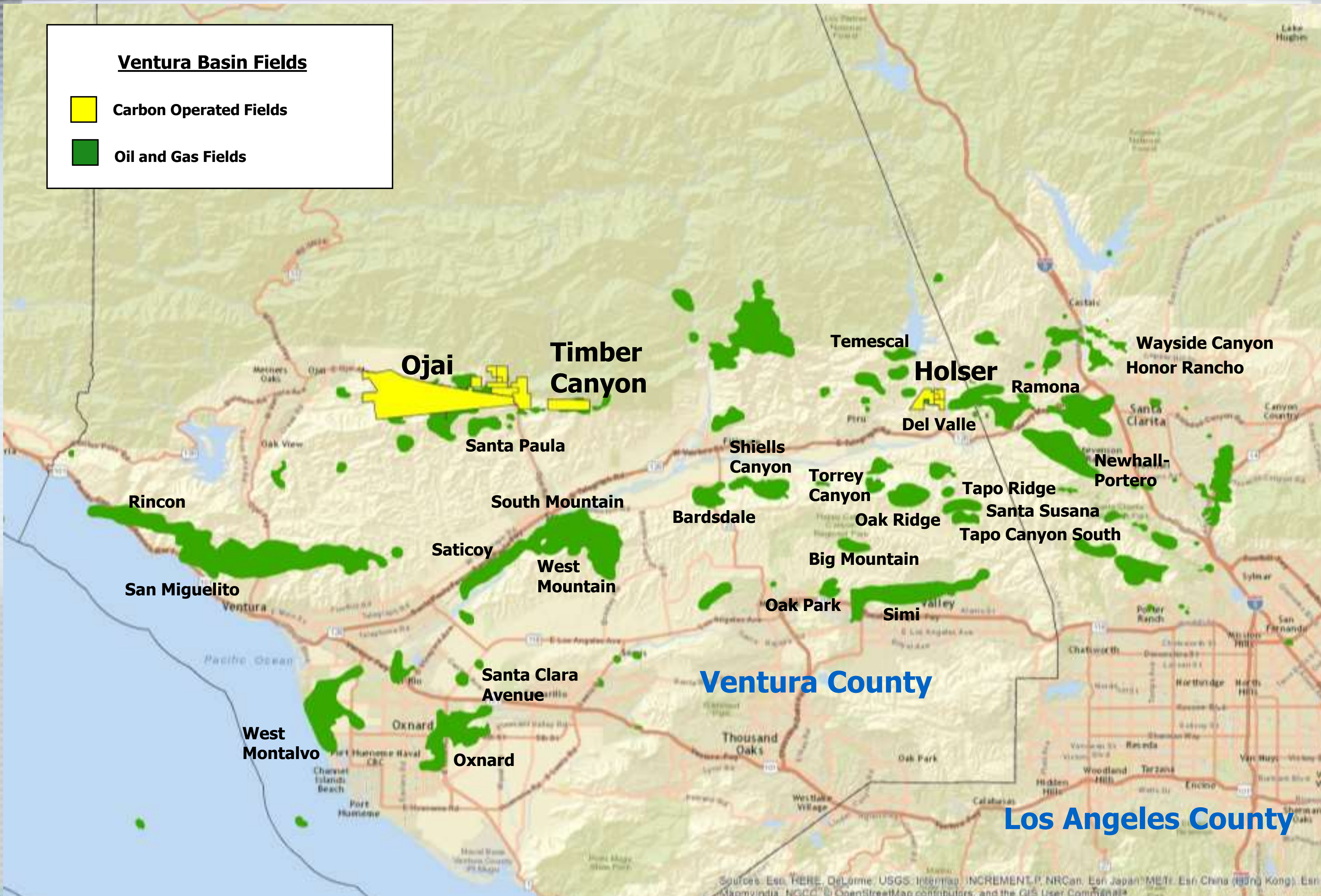
Appalachian and Illinois Basin Oil and Gas Properties



Ventura Basin Oil Fields



Carbon Strategy

- Emphasize Health and Safety and Environmental best practices and compliance
  - No incidents in 2016
  - No incidents in 2017 YTD
- Acquire oil and gas producing assets
  - Appalachian Basin
  - Ventura Basin
- Increase scale of operations through use of outside capital to acquire and develop Appalachian and California oil and gas production
- Build value from acquired assets through
  - Lease operating expense reductions
  - Gathering and compression optimization
  - Return to production projects
  - Recompletions
  - Operational synergies
- Utilize best-in-class science and technology to develop assets with highest rate of return on capital invested
- Develop through drilling as commodity prices warrant
- Maintain favorable debt metrics and financial flexibility

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Carbon Growth Strategy

Appalachian Basin

- Larger E&Ps are divesting conventional southern Appalachia production and midstream assets.
- This creates opportunity for Carbon to acquire producing assets, build on existing operations, and consolidate a southern Appalachian position.

Ventura Basin

- The Ventura Basin of California is an area which presents an opportunity to establish a portfolio of light oil, low operating cost producing properties.
- Carbon has identified multiple acquisition opportunities.

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Financial Information

	December 31		Change
	2016	2015	Positive / Negative
Average Daily Production:			
Natural Gas (mcf of gas per day)	7,712	5,590	38%
Oil (barrels of oil per day)	216	277	-22%
Mcfe of gas per day (@6:1)	9,008	7,255	24%
Adjusted EBITDA ($000)	-3,584	$859	*
Lease Operating Expense ($/MCFE)	$.96	$1.10	13%
Total Debt ($000)	$16,230	$3,500	*
Debt to Adjusted EBITDA	*	4.07	*
Reserves (MMCFE)	79,557	33,546	137%
NPV10 % of Reserves	$49,344	$25,032	97%

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* Not meaningful or applicable

Proved Reserves

Proved Reserves at December 31, 2016

	Net Oil	Net Gas	NPV 10% ($000)
	barrels	mmcf	
Proved Developed	851,000	74,265	$49,045
Proved Undeveloped	31,000	0	$299
Total	882,000	74,265	$49,344
Total mmcfe (@6:1)	79,557		

Average prices $2.41 per mcf and $40.40 per barrel

Reserve estimates prepared by Cawley, Gillespie & Associates, Inc.

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2016 Highlights

- No health and safety or environmental incidents
- Focus on acquisition opportunities
- Completed the acquisition of the West Virginia assets of Exco Resources Inc.
- Increased year-end daily production by 116% and proved reserves by 137%
- Hedge Profile

	Oil	% Production	Gas	% Production
2017	$52.90	70%	$3.30	70%
2018	$54.11	62%	$3.01	69%
2019	$54.90	51%	$2.85	31%

- Established $17 million credit facility with LegacyTexas Bank, which was increased to $23 million in March 2017.

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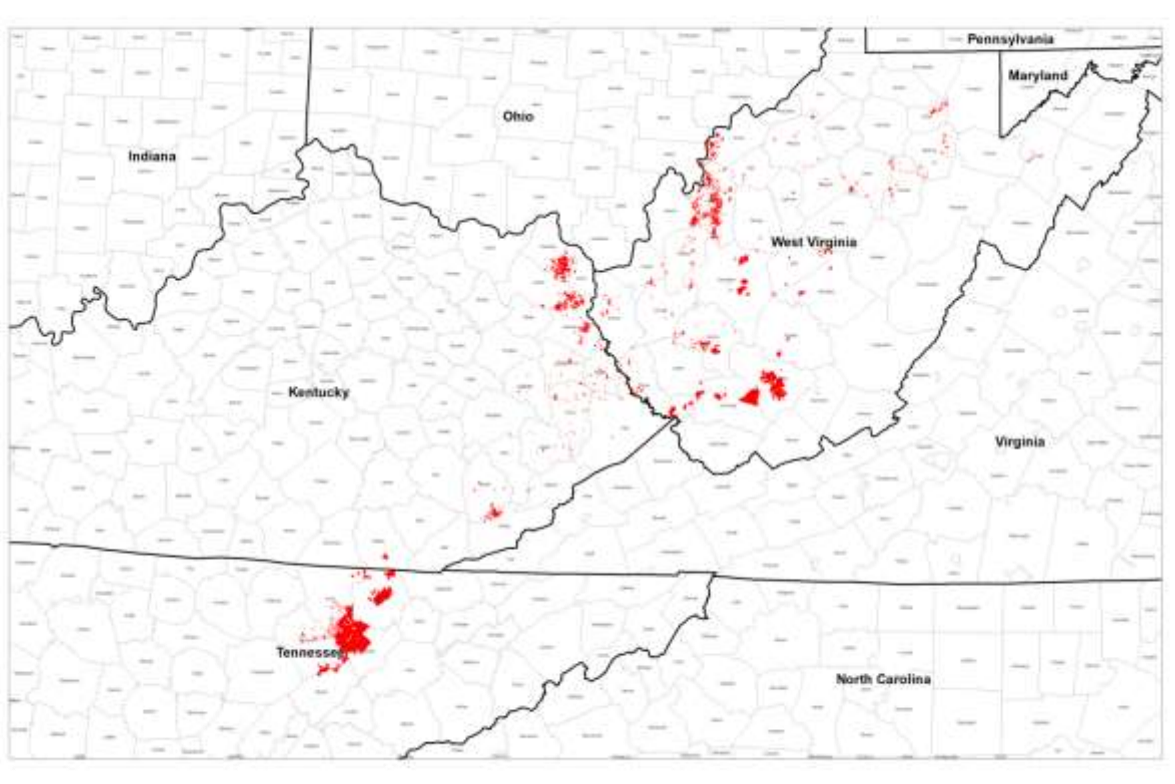
West Virginia Acquisition



Carbon acquired producing natural gas wells and gas gathering facilities located in West Virginia.
These assets complement and add significantly to Carbon's existing Appalachian leasehold and production base.

- **2,300 natural gas wells**
- **46.4 bcfe (97% natural gas) of proved developed reserves**
- **9,000 mcfe net daily production (97% natural gas)**
- **>200,000 net acres**
- **>900 miles of pipeline and associated compression facilities**

2017 Plans

- Emphasize health, safety and environmental best practices and compliance
- Continue producing property acquisitions through Carbon Appalachian Company and Carbon California Company
  - Expand Southern Appalachian properties
  - Expand Ventura Basin properties
- Build value of Carbon properties and of acquired assets
  - Lease operating expense reductions
  - Gathering and compression optimization
  - Return to production projects
  - Recompletions
  - Operational synergies
- Develop existing leases with focus on horizontal plays as oil and gas prices warrant
  - Seelyville coal bed methane- Illinois
  - Berea Sandstone oil – Kentucky, West Virginia
  - Chattanooga Shale gas - Tennessee
  - Rogersville/ Cambrian shale oil and gas – Kentucky, West Virginia, Tennessee
  - Ventura Basin oil

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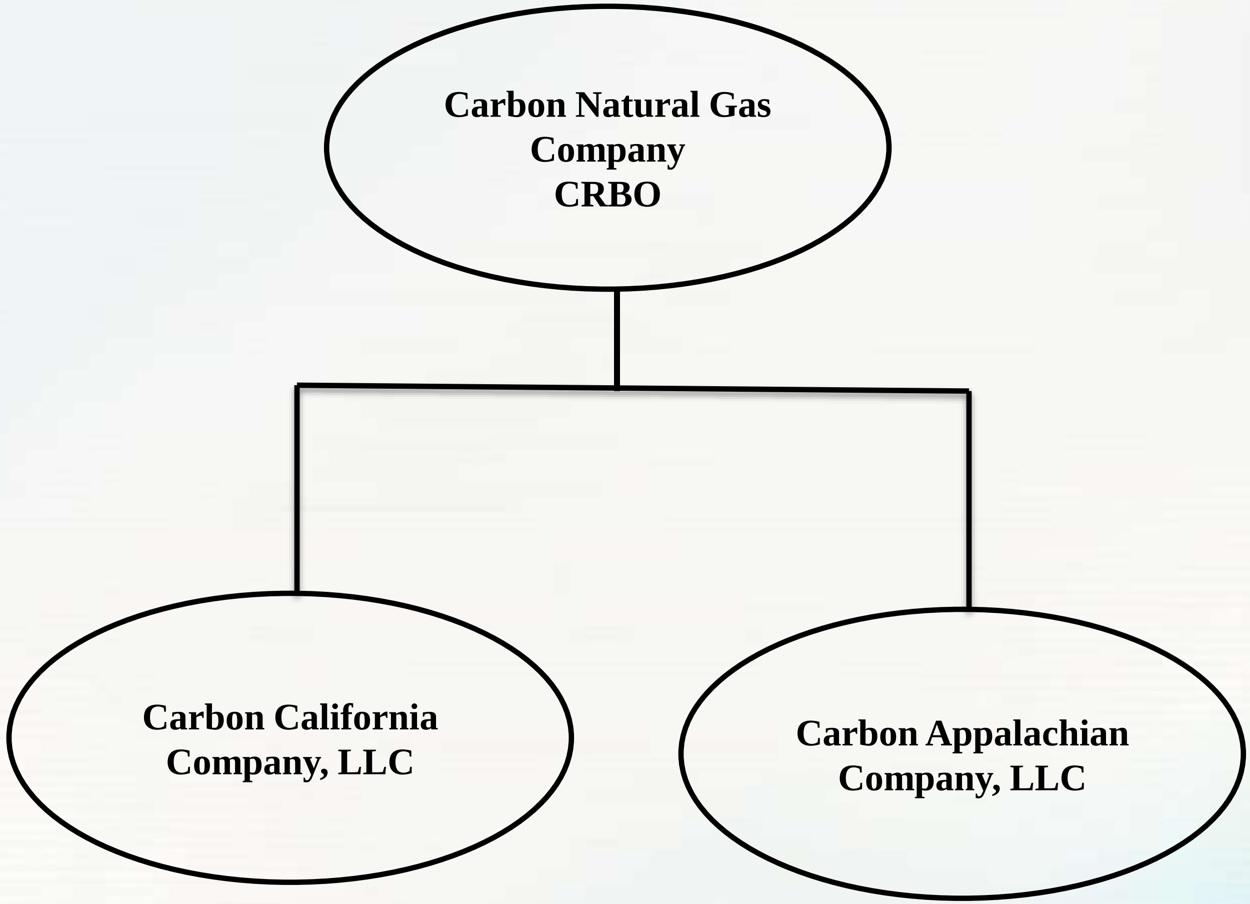
Acquisition Partnerships



Carbon Appalachian Company, LLC

Objective: Acquire oil and gas properties in the Appalachian Basin

Equity Capital: $100,000,000

LegacyTexas Bank provided reserve based credit facility

Carbon will participate directly for 2% of equity capital with ability to increase ownership

Carbon will receive a 20% reversionary interest after the equity partners receive a preferential 10% compounded return

Carbon will manage and will allocate general and administrative expenses to LLC

Carbon contributed 65,000 net acre Tennessee Mining Block undeveloped acreage in exchange for an additional 1% ownership in Carbon Appalachian Company. In order to earn full rights to the Block, Carbon Appalachian Company must drill 20 horizontal Chattanooga Shale wells, paying 100% of the cost to drill and complete to earn a 75% working interest in the Block

Carbon California Company, LLC

Objective:	**Acquire oil and gas properties in the Ventura Basin of California**
Equity Capital:	**$50,000,000**

Partner has provided a reserve based credit facility

Carbon has an ownership interest of 18% for which it paid no cash consideration and has ability to increase ownership

Carbon will manage and will allocate general and administrative expenses to LLC

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